

# *The* NATIONAL UNDERWRITER

*The city  
that wouldn't  
burn down!*

In the Philippine port of Davao one night, a terrifying light flared and spread with the wind. Fire was loose!

It burned beyond control, despite all efforts to quench it, devouring warehouses, offices and stock worth millions of dollars.

Fires burned for a month.

But so swiftly did agents for American International Underwriters go to work, that within the same month, 90 percent of their claims were processed—and closed! Rebuilding started before the fires were out.

Such on-the-spot American service is typical of American International Underwriters whose representatives are located just about everywhere in the world.

Private American investments abroad, also located just about everywhere, now total over 16 billion dollars with an increase of 4 billions in the last three years alone. These investments imply tremendous insurance opportunity, some of it probably originating in your own locality.

It's easy to handle. You only need the same kind of information for risks abroad as for those at home. Policies are written in familiar American terms, losses paid in the same currency as premiums, or, where local law allows, in U. S. dollars.

Remember, you don't have to be an expert to handle foreign risks. Take them to AIU — and AIU is your expert. For full information and literature, write to Dept. N of the AIU office nearest you. Or call in person.



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International  
Underwriters*

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Chicago 4, Illinois.....	208 So. La Salle Street
New Orleans 12, La.....	831 Whitney Bank Building
Dallas 1, Texas.....	801 Corrigan Tower
Houston 2, Texas.....	1619 Melrose Building
San Francisco 4, Calif.....	206 Sansome Street
Los Angeles 17, Calif.....	612 So. Flower Street
Seattle 1, Wash.....	811-814 White Building



THURSDAY, APRIL 8, 1954



Modern cars and modern highways can make high speeds seem deceptively safe. But talk with those who miraculously have survived a high speed crash. They can tell you that things happen so fast you don't have time to think. Often, the survivors are permanently maimed or crippled. Don't risk a lifetime of regret to save a few minutes.

## ÆTNA INSURANCE GROUP

ÆTNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.  
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.  
HARTFORD, CONNECTICUT



This advertisement also appears—in color—in **TIME**, **NEWSWEEK**, **PATHFINDER**,  
**U. S. NEWS** and **WORLD REPORT**. *Clinton L. Allen, President*

### Man Who Saves You From Worries

Getting real insurance protection is more than just buying a policy. The personal service your local agent gives can save you a lot of worries. For example, suppose you have an automobile accident, a fire or some other form of loss. Most of us feel a little bewildered when such things happen. It sure takes a load off your mind—and quick—to be able to pick up the phone and get expert advice from your local agent.

*Follow these time-tested rules:—*

**CONSULT YOUR AGENT OR BROKER  
THINK FIRST OF THE ÆTNA**

## EAC Seeks Ways of Competing With 'You Know Who'

**Lively Boston Rally Delves into Questions of Direct Writing vs. Agency System**

By KENNETH FORCE

BOSTON—Despite a lot of tough competition from many good items on a fine program, the liveliest session at Eastern Agents conference here was the panel discussion Monday. Billed as dealing with fire and allied lines, it covered a much wider range and the main theme was meeting competition of direct writers, particularly of one leading direct writer, Allstate, which speakers almost managed to keep nameless by referring to it as "You Know Who".

Other topics on the program tended to gravitate toward this theme, as did lobby conversation. About 400 attended the opening night get together dinner, and this increased to about 500 for the for the America Fore cocktail hour and the banquet that followed. The convention closed with a luncheon at which John C. Stott, former president of NAIA spoke.

Donald C. Bowersock, president of the Boston and Old Colony, set the tone for the wide agent interest in meeting competition when he led off the Monday panel with his questions on how the competition is to be met that is developing between companies operating through direct and semi-direct producers versus companies operating through the American agency system.

Auto insurance of all kinds represents approximately 45% of all premiums available to fire and casualty companies other than A&H, he said. One company states that it is writing 6% of all passenger cars in the country. Another contends it will pass this figure this year. This means that about one of every eight passenger cars on the road in 1954 may be insured by two companies.

One of the two is writing fire insurance on private dwellings about 20% off the term rate. Fire and extended coverage represents about 25% of premiums available to fire and casualty companies other than A&H, he noted. Of fire about 40% is applicable to dwellings. Thus the attack on this business is on roughly 10% of the total business.

In five years these two companies have shown very considerable growth, and he said there are other organizations which can solicit insurance along equally efficient lines with equal jeopardy to the agency system and the companies that operate under it.

He does not think agents or companies would be willing to accept this development as inevitable and decide to limit their activities to non-competitive classes. So he advised reexploration of

(CONTINUED ON PAGE 36)

## STATEMENT PREPARED

### Report NAIC Brass Takes Dim View of A&H Reinsurance Plan

A statement dealing with the government's A&H reinsurance plan was drawn up at the executive committee meeting of National Assn. of Insurance Commissioners this week in Chicago. The meeting was one of the best attended special NAIC sessions in years, 21 states being represented.

It is expected the statement will go to the Wolverton committee in a few days. Under NAIC rules, it cannot be made public until the executive committee chairman has had a chance to examine it in final form.

Speculation that the statement will take a dim view of the government's plan is buttressed by a talk delivered at the NAIC Zone 5 meeting by President D. D. Murphy of South Carolina. The talk, in which Commissioner Murphy said he feels the insurance business with the help of commissioners can do a better job for the people than

(CONTINUED ON PAGE 20)

## Coblentz Elected, EAC Notes Confusion in Dwelling Field

BOSTON—J. Vernon Coblentz of Frederick, Md., was advanced to chairman of Eastern Agents Conference at its closing session here. Warren Bodwell of Manchester, N. H., and John J. Maguire of Philadelphia were named vice-chairmen. Arthur B. Fair of Natick, Mass., treasurer, and Charles H. Frankenbach of Westfield, N. J., secretary.

In a resolution EAC requested that NAIA at the Seattle meeting take strong action against compulsory auto and to take such action through conference with the companies as may lead to a voluntary plan that will alleviate the socialistic trend with which the public and agency system are confronted through compulsory. The resolution also asked that the accident prevention committee of NAIA be empowered with funds to study safety programs and cooperate with state and federal programs so that traffic deaths may be reduced.

Another resolution asked consoli-

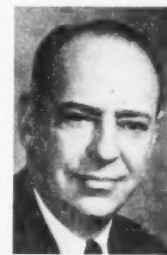
(CONTINUED ON PAGE 40)

## Black Is President of Home, Succeeds Harold V. Smith

**Great Strides During Former President's Term Noted in Annual Report**

Kenneth E. Black, vice-president of Home since 1950, has been elected president, succeeding Harold V. Smith, who has held the post for 17 years and who now assumes the position of chairman. The changes hold as well for Home's affiliate, Home Indemnity.

During Mr. Smith's term as president, Home's net premiums amounted



Kenneth E. Black



Harold V. Smith

to \$1,798,180,769, or 60.5% of its cumulative net premiums of \$2,972,121,890 since its founding in 1853.

Mr. Smith in reporting the company's 1953 progress to stockholders this week, noted that volume of business had increased by \$5,304,979 to a total of \$213,003,611, keeping the company in the number one spot as writer of property insurance. Assets as of Dec. 31 were \$397,021,613, the highest ever recorded by the company. Capital stock was \$20 million, surplus \$149,364,450 and payments to policyholders \$169,364,450.

Net premiums retained amounted to \$188,279,585, net investment income for the year was \$11,208,698, and underwriting operations before federal income taxes showed a profit of \$3,273,640. A total of 517,304 claims were handled by Home during last year, 29,009 resulting from the 16 major storm disasters.

Dividends paid in 1953 amounted to \$9 million as a result of a change in payment schedule from a semi-annual to a quarterly basis. At the time the change was announced in March, 1953, an annual dividend rate of \$2 was established, representing the fourth increase in dividends since the beginning of 1949.

Mr. Smith entered the business in 1919 with the old Franklin Fire as special agent in Kentucky, Tennessee, Georgia and Pennsylvania, and when that company's interests were merged with Home, went to Philadelphia in 1916 as manager. He was named secretary of Franklin in 1920 and vice-president and a director in 1923.

He was elected vice-president of Home and its affiliated companies in 1929 and in 1937 became president and

(CONTINUED ON PAGE 40)

## Late News Bulletins . . .

### NAIC to Require Fire Developed Loss Data

NEW YORK—The National Assn. of Insurance Commissioners blanks committee at its meeting here decided that—

1. Schedule "O" should be revised to include the development of loss reserves on fire and allied lines.

2. The premium and loss schedules on page 14 of the blank should be revised to include a line, "other physical damage" to take care of physical damage other than to automobiles or aircraft, and also a line for individual hospital and medical expense insurance.

3. Schedule "N" should be revised to reflect the fact that the company's bank balance in each bank at the end of each month is no longer required, only the year-end figure now being asked for.

Inclusion of developed loss experience on fire and allied lines was suggested by the New York department, which also asked that workmen's compensation, auto liability and other liability, which are covered in schedule "P", be included in schedule "O". However, the committee did not include in "O" the three casualty lines covered in schedule "P".

### A&H Insurer, Facing Hearing, Quits D. C.

Superintendent Jordan of District of Columbia has followed up his warning to A&H insurers that they face revocation of their licenses if found guilty of intentional misrepresentation by threatening a public hearing for one. This company, not identified by the superintendent, has surrendered its D. C. license rather than face the hearing, where it would have been required to "show cause" why its license should not have been revoked. It previously had volunteered to cancel advertisements, which the superintendent had criticized, but when informed it would be required to face the hearing nonetheless, it turned in its license.

### Fight Dividend Bias in Tax Bill

WASHINGTON—Stock fire and casualty companies are much concerned about the provision in the new tax bill, apparently aimed at life companies, that would deny to all insurance company dividends the relief from double taxation that the bill provides for dividends of other types of corporations. The denial of this favorable treatment to life companies is seemingly based on the fact that life companies pay their federal income tax on a special basis. One solution might be to give all insurers dividends the same treatment as those of other corporations, since the whole matter of life company taxation is being studied by a congressional committee to find a permanent substitute for the present temporary basis.

(ADDITIONAL LATE NEWS ON PAGES 37, 38, 39, 40)



## 170 Executives on Hand for Pacific Insurance Forum

### Make Pacific Coast Full Partners with Eastern Management, Crafts Urges

The three day program of discussions and speeches constituting the annual conference of Pacific Insurance & Surety Forum last week at Palm Springs, Cal., drew an attendance of 170, not including wives. There were 35 or more companies represented, two insurance departments, and four producers' organizations.

Ralph Inglis, president of Founders of Los Angeles, was elected president, with T. Parker Lowe, president of Anchor Casualty as vice-president, and J. T. Blalock, vice-president of Pacific Indemnity, as secretary. Directors elected are John Reynolds of United Pacific, C. R. Herda of Pacific Indemnity, R. A. McGuire of Pacific Employers, and Hugo F. Methmann of Fireman's Fund Indemnity.

Prominent speakers during the sessions included President James F. Crafts of Fireman's Fund, Commissioner Taylor of Oregon, William F. Delaney, Jr., of Fairfield & Ellis, New York, and George O. Johnson, president of California Assn. of Insurance Agents. There were discussions of safety, auto physical damage adjustments, surety, Allstate's tax plan and workmen's compensation.

In his paper entitled, "It's Later Than We Think," Mr. Crafts covered some of the current business problems and particularized them as respects the Pacific Coast. He said the coast has come into its own and suggested the formation of a strictly Pacific Coast rating and statistical organization with the purpose of helping the members provide the best possible coverage at the best prices through the agency system. He said the plan could start with automobile and later take in the other coverages.

Mentioning the control of casualty business on the coast by eastern supervising organizations, Mr. Crafts reiterated that the coast has grown big enough to hold its own place. It has a large premium volume and a spirit of aggressiveness.

The coast should be recognized more as an area to be consulted, he said. There should be a decentralization as to rates and public relations because the people on the coast are more familiar with local problems and conditions. The insurance men of the west should be considered as full partners with eastern management. The business needs national organizations, but they must embrace local problems, he went on, mentioning the failure of eastern companies to recognize conditions on the coast in cases where nation-wide operations collide with western experience.

Mr. Crafts said he earnestly believes in the American agency system. The public still wants and accepts the local agency service, but the price and class writing of the direct writing companies is a definite challenge, he declared.

Earl F. Campbell, western director of National Safety Council, opened the meeting with a discussion of the California traffic safety program. There was a talk on casualty reinsur-

## Bureau Takes Axe to Cal. Dwelling Rates

Pacific Fire Rating Bureau has reduced dwelling rates in California in what is evidently a move to nullify the action of North America in withdrawing from the bureau for dwelling classes to promulgate its own 20% reduction. The bureau reductions on single and four-family dwelling units range from 15 to 25% for frame buildings and up to 30% for brick. The bureau started distributing its new schedule to producers in California April 5, with the new rates effective May 1.

## New Texas Liquidator Is Handed an Insolvency His First Day on the Job

J. D. Wheeler, director of the workmen's compensation division in the Texas department, has been appointed liquidator for the Texas Board to succeed Will G. Knox, who has resigned to become counsel of International Life of Austin. Mr. Wheeler was an assistant liquidator under Mr. Knox prior to 1946, when he went into the compensation department.

The day he took over, Mr. Wheeler became the receiver of Lloyds of the Great State, a Galveston organization, which had been organized by a group of Negro business men with the primary intention of selling coverage to Negroes only. However, the company wrote a large volume of business of all kinds and its two attorneys-in-fact, who requested the liquidation, said it was hopelessly insolvent. The amount of deficiency has not yet been determined.

Lloyds of the Great State started in business in January, 1952, to write fire and auto, and as of Dec. 31, 1953, it had assets of \$75,637, guaranty fund \$70,000, net surplus \$107,992. Thomas D. Armstrong and Carter W. Wesley are the attorneys-in-fact. They said they were having difficulty collecting premium balances which at Dec. 31 amounted to \$167,599.

## Mahnke Elected President of Des Moines Casualty

Directors of the Des Moines Casualty Co. elected Carl F. Mahnke of Des Moines as president to succeed the late Martin H. Imm, who founded the company. Mr. Mahnke has been senior vice-president for five years.

Father Stephen C. Dunker, a Catholic priest who spent 20 years in China, will talk on "Communism in China" at the April 12 meeting of St. Louis Goose.

Ohio Assn. of Mutual Agents will hold its annual meeting April 22-23 at Cleveland.

Insurance problems by Mr. Delaney, who is reinsurance manager of Fairfield & Ellis. R. P. Wilkins, assistant manager of the automobile and casualty department on the coast of Fireman's Fund group, moderated the discussion of automobile physical damage losses.

There was a presentation of the progress of western and southwestern insurance information services. The talks of George Johnson will be reported in next week's issue and that of Commissioner Taylor of Oregon appears elsewhere in this issue.

Leader of the discussion on surety was Earl F. Davis, vice-president of Pacific Indemnity. W. H. Crawford of Industrial Indemnity handled the discussion of Allstate's tax proposals; John C. Sutherland of Allied Compensation handled the workmen's compensation forum.

## Zone 5 Has Lively, Topical Meeting; 300 Turn Out at Omaha

The zone 5 meeting of NAIC at Omaha last week was attended by nearly 300 insurance men from eight states. Thomas R. Pansing of Nebraska, the zone chairman, was host, and he had charge of one of the best attended and liveliest zone meetings on record. There were panel discussions on regulation of credit life and credit A&H insurance, multiple line policies and regulatory problems, and the new inland marine definition.

The Zone 5 raters conference met the day before the commissioners got together, and the evening before the first session there was a reception with the Nebraska department as host.

Arrangements for the meeting were made by A. W. Cook of Mutual Benefit H&A, and he came in for some compliments on the manner in which the program was set up and conducted.

The commissioners attending were Combs of Arkansas, Kavanaugh of Colorado, Sullivan of Kansas, Pansing of Nebraska, Apodaca of New Mexico, Birdwell of Oklahoma, Smith and Saunders of Texas, Taft of Wyoming and Leggett of Missouri.

Mr. Pansing was elected to fill the vacancy of Donald Dickey as zone 5 representative to the NAIC executive committee. He resigned as zone chairman and Ralph Apodaca of New Mexico was elected to replace him.

Commissioner Sullivan of Kansas and Arthur J. Cade, executive vice-president of Old Republic Credit Life, took part in the discussion of regulation of credit life and credit A&H. Mr. Sullivan expressing the hope that industry and the commissioners will get together before the subcommittee meeting in Chicago April 26-28 with some good suggestions to deal with credit coverages. Mr. Cade declared: "The only action the NAIC subcommittee should take is to set up a 'code of ethics' or basic principles which the industry might use in cooperation with the state regulatory officials to police itself."

A highlight of the gathering was a four-man panel discussion of multiple line coverages, with emphasis on problems to be met in the dwelling field. The participants were Dr. Curtis Elliott, head of the insurance department of the University of Nebraska; Elmer Twaits, assistant secretary of National Bureau of Casualty Underwriters; Roy McCullough of Multiple Peril Insurance Rating Org., and Kent Parker, manager of Western Actuarial Bureau.

Commissioner Murphy of South Carolina, president of NAIC, gave an address in which he offered his opinion of the government-proposed A&H reinsurance plan. His talk is reported elsewhere in this issue.

## T. W. Haynes Attends Northern's Birthday

T. W. Haynes of London, general manager of Northern Assurance, was a special guest at the group's centennial dinner in Chicago. R. L. Wetherly, overseas manager, accompanied him. Mr. Haynes presented a gift to Earl D. Patton, U. S. manager, and gifts were given Mr. Haynes and Mr. Wetherly.

## 'Comprehensive' Era Ahead; N. J. Agents Told to Get Ready

### Holland Gives Glowing Report at Mid-Year; Osmers Featured Speaker

New Jersey Assn. of Insurance Agents, at its mid-year meeting at Asbury Park, was urged by Leon W. Watson, manager of Fire Insurance Rating Org. of New Jersey, to recognize the eventuality of comprehensive policies in that state and "to be prepared for it."



Sol S. Holland

"The unqualified agent," he said, "soon will be a thing of the past." Refusal to take advantage of educational opportunities will spell the agent's doom, he declared, "because of increased competition which lies ahead." Mr. Watson, and his assistant, S. Gage Lewis, appeared before the agents to present new forms and rate changes which their organization recently put into effect.

Approximately 400-500 attended the convention and heard President Sol S. Holland report that membership is at an all-time high of 1,452, putting the association in sixth place among all others in the country and representing an increase of 36 so far this year.

Mr. Holland's talk took the form of a glowing report of the association's activities since the annual meeting in September. Among subjects he touched upon were the group school of insurance, its financial condition, invitations from the White House to certain members, and the creation of an association plaque distributed to all members in good standing.

In one area the speaker saw need for improvement. This was in connection with the handling of a catastrophe losses following the windstorm in northern New Jersey last November, which had been labeled Catastrophe 45 by the National Board.

"Much has been done by a few, considerably more must be done by all of us in learning about the handling of these catastrophe losses," he declared. "I cannot help but urge all of you at this point to familiarize yourselves and your staff with this plan." He was referring to an association proposal for handling similar losses, which is to be aired at a forum April 13.

Another point was the association's financial picture. Using as a standard the fact that many members still pay dues on the basis of the previous year's production, "without any consideration of increased volume," it would appear that more than two-thirds writes less than \$40,000 a year in premiums." He made a plea for elimination of this reflection on the association.

The speaker made reference to the agent's role in assigned compensation cases, urging that some recognition be

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## Pearl Board Name

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## Pearl Elects Cowie to Board, Gallagher Named U.S. Chief

Vincent L. Gallagher, deputy U. S. manager of Pearl, has been raised to manager, succeeding D. J. Cowie, who has been elected to the board and is expected to take up his new duties in London, in the near future. It is also anticipated that Mr. Gallagher, executive vice-president of Pearl's two U. S. members, Eureka-Security and Monarch Fire, will become president of the two companies to succeed Mr. Cowie.



D. J. Cowie

Mr. Cowie joined the companies in 1923 as an actuary in the life department. He transferred to the fire department in 1933 and later that same year went to the U. S. branch at New York, later becoming investment manager. He became branch secretary in 1949 and treasurer of Monarch Fire and Eureka-Security that same year. He is a director of these two companies. In 1945 he was appointed U. S. man-



VINCENT L. GALLAGHER

ager and president of the two companies. He is a fellow of Institute of Actuaries, London, and an associate of Society of Actuaries.

Mr. Gallagher entered the business with Aetna, later going with America Fore, first as assistant secretary, then secretary. In 1935 he was appointed western manager of Pearl American group, and in 1939 became assistant U. S. manager of Pearl and vice-president of Eureka-Security and Monarch Fire. In 1952 he became deputy U. S. manager and executive vice-president of the two companies.

Unlike most British companies, Pearl is managed by its board of directors, who are all active officers. Thus, Mr. Cowie, in his London position, will become a chief executive of the company.

### Mid-West Buyers Elect Fraizer Wilson President

Mid-West Insurance Buyers Assn. at its meeting April 1 in the executive offices of United Air Lines at Chicago elected Fraizer Wilson of United as the new president. C. Henry Austin, Standard Oil, is vice-president, and Miss Ann Auerbach, Goldblatt Bros., and Louis J. Ronder, Conti-

mental Illinois National Bank, were reelected secretary and treasurer respectively. The new directors are Frank E. Graydon, Alden's, Inc.; Mr. Austin, and Orville B. Tearney, Inland Steel.

The group also had the first look in Chicago of the new United Air Lines film, "Career," depicting how United goes about explaining its employe benefit plans.

Thomas Aston, manager of Automobile Assigned Risk Plan for California, Nevada, Arizona and Montana, spoke at the March meeting of Insurance Accountants Assn. of San Francisco.

### Booth at Chicago Show Stresses Contents Cover

Western Underwriters Assn. and Cook County Fire Underwriters Assn. are cooperating in maintaining a display booth at the Chicago Home Show this week at Navy Pier. The show attracts about 250,000 persons, and the field men are handing out to as many of these as possible printed reminders of the need for adequate insurance on household contents. The booth, which was designed and furnished by WUA, shows the simulated front of a brick house with a picture window. The in-

terior is that of a normal home. There is a large sign reading "What have you overlooked?" When the passer-by stops to investigate, the field men dispense inventory forms for personal property and a sheet emphasizing the hazards this property is subject to.

### Form Miller & Co. at Chicago

Wesley C. Miller & Co. is the name of a new Chicago local agency at A-1640 Insurance Exchange building. Mr. Miller has been with the Chidley & Reynolds agency there for about 22 years.

## Good Neighbors...

Working for Safer Living and Lower Insurance Rates!

Jones cleans out his cluttered attic.  
Smith drives carefully and courteously.  
Brown mends his broken sidewalk.  
ALL are helping to make life safer and to lower your insurance rates—by keeping losses and accidents down.

Losses from fires and accidents in your area, plus the cost of doing business, determine how much insurance companies must charge you for sound insurance protection. When losses decrease to a point where reduced rates become possible, insurance costs less.

Insurance rates are not arbitrarily set by the insurance companies. After they have been determined from the above factors, they must be approved by the Insurance Departments of the various states.

By doing your part in preventing accidents and fires in your community, you and your family also will enjoy the benefits of safer living and less expensive insurance.



For the name of a nearby America Fore agent call Western Union by number, ask for operator 25.

For Peace of Mind insure with

**America Fore**  
INSURANCE GROUP

The Continental Insurance Company  
Niagara Fire Insurance Company  
The Fidelity and Casualty Company of New York  
Fidelity-Phenix Fire Insurance Company  
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is currently appearing in the following  
national publications:

★ THE SATURDAY EVENING POST ★ LIFE  
★ TIME ★ NEWSWEEK ★ FORTUNE  
★ NATIONAL GEOGRAPHIC

## Hartford Wins Grand Award in National Fire Waste Contest

**Detroit, Dayton, Norfolk, Lansing, Billings Lead in Population Classes**

Hartford, Conn., is the 1953 winner of the grand award in the inter-chamber national fire waste contest sponsored by the U. S. Chamber of Commerce. By population classes, the leading cities were Detroit, Dayton, Norfolk, Lansing, Billings, and Valley City, N. D.

The 1953 winners were selected from 470 entered cities and 185 contestants in the final judging. John A. Neale, chief engineer of the National Board; Dale K. Auck of Federation of Mutual Fire Insurance Companies, and Robert W. Schuette of National Fire Protection Assn. were the judges.

Hartford and the winners in the population classes will be presented with bronze plaques at a breakfast session during the annual meeting of the Chamber of Commerce April 27.

The contest is to encourage year-round activities by local fire prevention committees, and entering cities are judged upon fire loss records, quality of fire fighting facilities and community educational programs.

The honor awards for the first three cities by population classes went to: Class 1 (over 500,000) Chicago, Houston, Philadelphia. Class 2 (250,000 to 500,000) San Antonio, San Diego, Memphis. Class 3 (100,000 to 250,000) Providence, R. I., Jacksonville, Waterbury, Conn. Class 4 (50,000 to 100,000) Racine, Wis., Richmond, Cal., Evanston, Ill. Class 5 (20,000 to 50,000) Parkersburg, W. Va., Stillwater, Okla., Rock Island, Ill. Class 6 (under 20,000) Port Angeles, Wash., Atlantic, Ia., Mount Clemens, Mich.

### Ohio Farmers Agents Meet 200 Strong at Columbus

Ohio Farmers Agents Assn. had meetings April 6, 7 and 8 at Columbus. Usually the agents get together at

LeRoy at the time of the company's annual meeting, but because Ohio Farmers is putting up a new home office there was not room this year. About 200 agents were at the Columbus sessions and from Ohio Farmers there were President C. D. McVay and Vice-president J. C. Hiestand. J. R. Hamilton, assistant secretary, discussed facilities for more fire premiums, and J. C. Bishop, assistant secretary, talked on the 25th anniversary of Ohio Farmers Indemnity.

Statuettes of the company's trademark, "The Old Man on the Fence," were presented to agents having 25 years representation, and a gold plate signifying 50 years was given to Claude Canfield of Chardon, to be attached to his 25-year statuette.

### Decide Okla. Hearing On EC Deductible Was Illegal

Oklahoma Insurance Board has ruled that Oklahoma Inspection Bureau was not legally entitled to a public hearing March 23 on its filing for a \$50 deductible on wind and hail damage under extended coverage. The filing now stands as previously disapproved Feb. 27.

Fred Albert, board secretary, said the board did not consider the filing or its merits March 23 because they had already been passed on when the filing was disapproved in February. The main consideration was the legality of the hearing.

At the beginning of the hearing in March, which had been called after the inspection bureau asked for reconsideration of its filing, Mr. Albert said there was some question as to legality of the proceedings. The decision holding the hearing illegal was based on a section in the law which is said to ban the rating bureau from requesting a public hearing. L. E. Antene, bureau manager, said the decision probably will be appealed.

Along with the deductible EC, which would have brought about a 15% decrease in EC rates when applied, there was included in the filing a request for withdrawal of the annual extension renewal plan, breach of warranty clause, new business interruption form, new improvements and betterments form, etc. All of these are out the window for the time being.

## NYFIRO, North America Briefs Are Filed on Issue of Partial Subscribership

### NYFIRO

New York Fire Insurance Rating Org. and North America have filed briefs with the New York department in the rating bureau's protest over North America's independent filing of dwelling rates in that state.

North America contends that it has the right, under the insurance law of the state, to become a partial subscriber to the services of the rating bureau.

The rating bureau contends that the company cannot terminate its subscribership to the rating bureau for dwelling classes and remain subscriber for the other classes. It does not have the right to appropriate and use rating material and service of NYFIRO for making alleged independent dwelling filings. It argues that North America cannot appropriate and use daily changes in the rating material and service of the bureau, filed or unfilled, in connection with the independent dwelling filing.

Further the bureau contends that the dwelling filing is not an independent, original or self-sufficient filing but an incomplete photographic reproduction of rating material developed, compiled, formulated and owned by NYFIRO.

The unauthorized appropriation of the bureau's property constitutes unfair competition under common law, an unfair method of competition, and unfair acts and practices under article 9-D of the insurance law, and an infringement of NYFIRO copyright.

The North America action is inimical of the integrity of the fire insurance rate structure of New York and to the insuring public welfare, the brief argues. It urges the superintendent to withdraw approval if the filing is deemed approved under section 184(4), and enjoin North America from engaging in such unfair method of competition.

At one point in the NYFIRO brief, attention is called to the contention made at the hearing that if rates became inadequate for any reason, such as the result of a rate war, the insurance department could correct the situation.

This is unsound, the brief declares, (CONTINUED ON PAGE 38)

### NORTH AMERICA

North America, in the brief it has filed with the New York department in answer to allegations of New York Fire Insurance Rating Org. and 50 insurers states that the law permits it to file independently for dwelling classes, as it has done in New York, and to partially subscribe to NYFIRO service on other classes.

The brief sums up the legal issues described by Deputy Superintendent Joseph F. Murphy, the hearing officer, as follows:

Do North America companies have the right to become partial subscribers to NYFIRO? Do they as such have the right to make the independent filing they did and do NYFIRO and the 50 intervening companies as alleged aggrieved parties have the right to question these independent filings, or may North America companies act independently without securing the consent of their competitors?

The New York law specifically states that a subscriber may subscribe to the rating organization's rating service for any kind of insurance or subdivision or class of risk or a part or combination thereof written by fire and marine insurers for which the rating organization is authorized to act as such, the brief states. A subscriber may withdraw its authorization to the rating bureau to act for it and withdraw in part, under the law. Several partial subscribers have belonged to NYFIRO for years, and NYFIRO cannot furnish partial subscribership services to those companies and then deny these services to North America.

The law gives a company the right to make and file its own rates and this right implies the right to compete. The all industry rating bill does not make it compulsory for an insurer to become a member of rating bureaus or charge uniform rates.

Constitutionally, the brief declares, the right of an insurer to serve the public by independent action cannot be taken away by statute. Neither can it be taken away by the voting power of its competitors. North America is under no legal compulsion to submit (CONTINUED ON PAGE 38)

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## Murphy Tells Zone 5 Industry Can Handle A&H Reinsurance Job

Commissioner D. D. Murphy of South Carolina, president of NAIC, discussing at the zone 5 meeting in Omaha the government's reinsurance plan, said he feels the insurance industry, with the help of the commissioners, is in a much better position to do the job for the American people. Whatever the government can do, the private companies should be able to do better, he remarked.

In the A&H field, Mr. Murphy said he is sure there is enough talent to furnish all of the insurance necessary, and if it is necessary to form a reinsurance pool, "I am sure that the insurance industry can do a much better job and a much more detailed job of reinsurance than can a state or federal governmental institution."

If such a plan as the one proposed by the administration could be expected to be self-sustaining and profitable, Mr. Murphy said the companies would no doubt form their own pools with private capital. "It appears reasonable to assume that the corporation which would be formed by this bill, like most other government corporations, will operate at a loss to be covered by appropriations of the federal government."

The commissioner went over some of the provisions of the administration bill, noting that it is stated in the purposes that the bill will provide technical advice and information without charge to help service pre-payment plans or companies or sponsors thereof. "I wonder where this technical advice and information will come from. Does the Department of Health, Education & Welfare have among its employees today technicians who are in a position to give this kind of advice and information? If not, where will they find the technicians necessary to give you, who have been in this business these many years, this type of service? Will it be necessary for them to encroach on the personnel of the commercial carriers to give you this type of advice? If they propose to train personnel, then I submit to you the period of training of technicians needed will be a long, drawn-out program."

Another provision is to make available to the business reinsurance for voluntary health service pre-payment plans where sufficient reinsurance is needed in order to stimulate the establishment and maintenance of adequate pre-payment plans in areas and with respect to services and classes of persons for which they are needed. Mr. Murphy commented that in South Carolina the insurance business may be more progressive than in other parts of the country, for in that state, he said, there is no person who is an insurable risk who has not been given an opportunity to purchase health insurance. If the government plans to get into the furnishing of insurance to uninsurables, which evidently is the purpose of the plan, Mr. Murphy wondered whether there isn't a close approach to socialized health insurance and medical service plans.

The bill authorizes the Secretary of Health Education & Welfare to utilize the services and facilities of any agency of the government or any other public or non-profit group or institution to carry out the act, and then

provides that the secretary shall utilize the facilities and services of state agencies legally engaged in supervising health insurers or service plans. Another section authorizes the secretary to employ experts and consultants or organizations to furnish technical advice. These will be paid for. It also provides for appointment of an advisory council and other committees.

Brown Brothers, adjusters, has opened a new branch office at San Diego under direction of Art Brown, who has been a staff adjuster at Los Angeles.

## Aero Associates Opens Texas-Oklahoma Office

Aero Associates of Chicago has opened a new service office for Texas and Oklahoma. It is located in the Gibraltar Life building at Dallas, with Joseph A. Wasson as manager.

A 20-year veteran in aviation insurance, Mr. Wasson since 1952 has been with Aero Associates at Chicago. Before that he was manager for U. S. Aircraft Insurance Group at Dallas.

For about 17 years he was with Aero Insurance Underwriters, both at Kansas City and Dallas.

## Rooney Is President of Oklahoma C&S Assn.

Casualty & Surety Assn. of Oklahoma elected at Oklahoma City the following officers: E. C. Rooney, Trinity Universal, president; John K. Burns, National Surety Corp., vice-president, and D. F. MacCallum, American Surety, secretary-treasurer.

# THE CRUM & FORSTER GROUP

FINANCIAL STATEMENTS AS OF DECEMBER 31, 1953

	ASSETS					
	UNITED STATES FIRE INS. CO.	NORTH RIVER INS. CO.	WESTCHESTER FIRE INS. CO.	U. S. BRANCH WESTERN ASSURANCE	U. S. BRANCH BRITISH AMERICA	SOUTHERN FIRE INS. CO.
Cash in Banks & Trust Companies	\$ 8,546,746	\$ 4,221,997	\$ 3,977,031	\$ 1,151,550	\$ 691,822	\$ 870,305
★United States Government Bonds	39,094,068	20,602,259	20,687,472	6,928,527	3,699,649	2,391,746
★Other Bonds and Stocks	46,054,910	28,135,715	29,756,443	1,519,951	1,371,776	2,139,131
Mortgage Loans on Real Estate	6,691	5,900	117,848			
Real Estate	115,670					
Premium Balances Receivable (Not over three months due)	4,060,839	2,333,589	2,380,016	516,513	269,625	292,265
Interest Accrued	219,490	114,937	149,478	20,007	12,317	14,272
Other Assets	2,356,516	583,793	1,713,206	131,493	44,866	55,429
<b>Total Admitted Assets</b>	<b>\$100,454,930</b>	<b>\$55,998,190</b>	<b>\$58,781,494</b>	<b>\$10,268,041</b>	<b>\$6,090,055</b>	<b>\$5,763,149</b>
	LIABILITIES					
Reserve for Unearned Premiums	\$ 37,136,134	\$19,166,359	\$20,900,812	\$ 3,726,751	\$2,058,255	\$2,518,195
Reserve for Losses and Loss Expenses	9,591,688	5,697,527	6,560,146	1,374,925	727,328	649,295
Reserve for Taxes and Expenses	3,371,818	1,873,400	2,015,000	409,600	218,775	216,520
Reserve for All Other Liabilities	1,720,051	662,764	996,762	154,462	76,051	68,604
★★Contingency Reserve	628,963	449,756	549,205	110,706	53,392	12,128
Capital	3,000,000	2,000,000	2,000,000	†500,000	†500,000	750,000
Net Surplus	45,006,276	26,148,384	25,759,569	3,991,597	2,456,254	1,548,406
<b>Surplus to Policyholders</b>	<b>48,635,239</b>	<b>28,598,140</b>	<b>28,308,774</b>	<b>4,602,303</b>	<b>3,009,646</b>	<b>2,310,534</b>
	<b>\$100,454,930</b>	<b>\$55,998,190</b>	<b>\$58,781,494</b>	<b>\$10,268,041</b>	<b>\$6,090,055</b>	<b>\$5,763,149</b>

★Bonds and Stocks are valued in accordance with the basis adopted by the National Association of Insurance Commissioners.

Securities in statements include amounts deposited with various states, as required by law, in the following amounts: United States Fire, \$4,487,549; North River, \$3,453,757; Westchester Fire, \$3,147,215; Western Assurance, \$1,189,627; British America, \$1,140,929; Southern Fire, \$533,005.

★★Contingency Reserve represents difference between values carried in Assets and values based on December 31, 1953 market quotations.

†Statutory Deposit.

**CRUM & FORSTER, MANAGER**  
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WESTERN DEPARTMENT FREEPORT, ILLINOIS	PACIFIC DEPARTMENT SAN FRANCISCO, CALIFORNIA	SOUTHERN DEPARTMENT ATLANTA, GEORGIA	VIRGINIA-CAROLINAS DEPARTMENT DURHAM, NORTH CAROLINA	ALLEGHENY DEPARTMENT PITTSBURGH, PENNSYLVANIA
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Spring is a good time to "take inventory." In surveying your policyholders' *present* protection you may find, in many cases, opportunity to write new business. Improvements, additions and newly acquired home furnishings may not be covered—a client's property values may have changed so that it's advisable to increase his amounts of protection.

The Home has been stressing the importance of adequate property insurance in full-color advertisements like the one on the right. Follow up this advertising. This Spring, take a new look at the names on *your* books. They're your best prospects for *additional* insurance.

☆ THE HOME ☆  
*Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

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The Home Indemnity Company, an affiliate, writes  
Casualty Insurance, Fidelity and Surety Bonds



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A home is for happiness.  
That's what you work for—that's where your enjoyment is.  
A house can be replaced of course — but *contentment* can't be.  
Isn't it worth protecting your peace-of-mind?

You'll be surprised how much your insurance man can add to your peace-of-mind, if you will allow him. You can't fully enjoy your home and belongings unless you *know* they are properly protected. Your Home Insurance agent knows how to give you exactly the protection you need and want. He knows your town and understands your problems and ambitions.

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You may be surprised to know the total value of your home furnishings and personal effects. Every homeowner should have a home inventory. For a handy free inventory booklet, see your Home agent or write The Home Insurance Company, Dept. A.

☆ Your HOMEtown Agent can serve you well—see him now!



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TIME May 24 • SATURDAY EVENING POST May 22 • BUSINESS WEEK May 29 • U.S. NEWS & WORLD REPORT June 18  
NATION'S BUSINESS June • BETTER HOMES & GARDENS June  
SUCCESSFUL FARMING June • TOWN JOURNAL June

## ☆ THE HOME ☆ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes  
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Insurance protector of American homes and the homes of American industry.



When you protect the *property income* of a business . . . take the next step. Protect the *personal income* of your client's employees.

The wise employer who knows the value of Business Interruption Insurance—which keeps him in business even after a disaster—is quick to see the merit of Group Insurance.

Without Business Interruption Insurance, disaster can halt business earnings—while expenses go on. Without GROUP INSURANCE, disaster can halt his employees' income—while *their* expenses go on.

GROUP ACCIDENT AND SICKNESS INSURANCE is interruption insurance for an employee's business—the business of producing income.



So, when you sell B.I.I. . . . finish the job . . . sell GROUP. You'll be talking to the man who can say "yes".

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THE COLUMBIA RIVER was reached after they had braved many hardships. The trip took 3 years.



THE EXPEDITION BROUGHT BACK much valuable information and gave the United States a strong claim to the Great Oregon territory against the rival claim of England.

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INSURANCE CO.  
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Des Moines, Iowa



## Casualty Business Better Though There Are Still Plenty of Problems, Cahill Says

Because of substantial rate increases in recent years for many lines, the casualty business again is producing a profit over-all, nationwide, instead of underwriting losses, James M. Cahill, secretary of National Bureau of Casualty Underwriters, told Eastern Agents Conference in Boston.

Mr. Cahill reviewed a number of problems and said National Automobile Underwriters Assn. and the bureau now are cooperating in determining territorial definitions for auto insurance. This should simplify many matters for agents and companies. He also brought out some of the features of the comprehensive dwelling policy which is about to be launched by Interbureau Insurance Advisory Group.

Competition is keen for many categories of desirable casualty business, and even in the case of less desirable risks there is a more ready market provided that a good proportion of preferred business is placed with the company, he commented. With continued use of appropriate trend and projection factors designed to keep the casualty rate structure, it is unlikely that the adverse underwriting results of the postwar years will be repeated. The 5% provision for writing profit and contingencies introduced in 1952 is in effect in 39 states and territories and should help materially to improve operating results.

The casualty insurance business is on a sound footing, and optimism rather than pessimism is guiding the thinking of executives. It still has many serious problems, of course, such as finding means of meeting the serious competition of specialty companies and direct writers operating at a substantially lower acquisition cost, but it is certain that a solution will be found with the cooperation of the producing forces.

An interesting experiment that goes beyond cooperation on territories by the bureau and NAUA is taking place in West Virginia where a joint industry group is working on appropriate territorial definitions for auto insurance. The thought is that by pooling all available information and experience data on territorial problems, the prospects of determining the most logical set of territorial definitions in West Virginia will be improved and then that all, or virtually all, filers will voluntarily adopt that set of definitions. If this occurs, though it will standardize territorial definitions within the state, there will be left open an adequate area of competition through classification systems and rates.

A step toward learning more about the problem of auto experience of military personnel was taken in the private passenger car rate revision in Rhode Island early this year. Large numbers of military personnel are stationed at Newport Naval Training Station and the Quonset Point Naval Air Base. Commissioner Bisson requested the bureau to set up separate territories for the two military reservations for statistical purposes to determine how the experience of military personnel compares with that of other Rhode Island residents. Rates can be revised accordingly. The experience may serve as a guide in respect to other areas of the country.

Interbureau's comprehensive dwelling project is expected to be filed in

the very near future in a number of states and then be followed by filings in additional states as promptly as possible. A special set of manual pages incorporating the rates, etc., for all coverages that may be afforded under the policy will be printed and distributed to all manual holders.

The new policy will present for the first time an entirely integrated multiple peril policy on an optional coverage and optional amount basis. Insured may elect one or more of six coverage groups at the manual rates, but by taking at least a specified minimum group of coverages he will get substantial premium savings. The policy is not merely the result of adding all coverages and conditions of separate policies together, but represents the first step in reducing many diverse coverages to a common basis so far as feasible. Overlapping coverages that presently exist when separate policies are written are eliminated.

The program enables a producer to custom-tailor the policy to fit the needs of his client on a named peril and amount basis, and thereby avoids the pitfalls of a canned policy program which might be wholly inappropriate for the circumstances of many insured.

It is believed that the coverage under this policy will be so good and its flexibility so desirable from the standpoint of both insured and agents that minor differences in premium vs. competitor policies will be of no consequence. Substantial premium savings under the package policy from the cost of separate standard policies will be allowed, however, in recognition of the favorable effect of carrying a prescribed degree of insurance to value based on an application form and for spread of risk and the avoidance of adverse selection.

The new policy form should serve the worthy purpose of establishing a standard package policy in the dwelling field which will have general acceptance by producers and by most companies, whether casualty or fire. It should help to bring order into a situation which must presently be confusing to agents because of the variation that exists between individual company package or so-called all risk policy forms that are on the market. It will be good for the business and for the insurance buying public to have order brought out of the present chaos.

In the agitation for compulsory insurance in New York this year less stress was placed by the administration on the basic evil, which is the mounting toll of automobile accidents, he said. The legislature, nevertheless, enacted a law requiring semi-annual car inspection starting Sept. 1, 1955. This could prove to be an important step in reducing accident frequency and severity.

Another worthwhile step New York could well adopt would be a system like that of New Jersey, where drivers have their licenses either suspended or revoked for an accumulated record of accidents or traffic violations. The mere fear that this may happen is a deterrent to bad driving habits, particularly in the case of young drivers, to whom the use of a car often seems such an all-important matter.

Creation of an unsatisfied judgment fund, as in New Jersey, he said, has

(CONTINUED ON PAGE 33)



## Stott Chivies Those Who Hang Crepe on The Agency System

BOSTON—In a rip-snorting, characteristically vigorous speech at the



John C. Stott

closing luncheon of Eastern Agents Conference here, John C. Stott of Norwich, N. Y., past president of NAIA, banged away at the purveyors of gloom in the business who pretend to hear the death rattle of the American agency system. He said that there are those of the insurance press and he fears, many in the business, who say that the agency system is marching to slow music among funeral flowers.

He thinks that any agents who believe the system is nearing its end do so because their own selfishness, short sightedness and absolute lack of intestinal fortitude may permit this end to materialize.

America has never known a better system of insurance than the agency system, he said. It is the best working example of free enterprise that has made the country great. If there are faults in the insurance business, they are not the faults of the agency system. They may lie in the way agents have chosen, perhaps at times unwisely, to apply the factors that make up the system.

Principal items which lead people to make dire prophecies as to the future of the system include competition with companies selling for less through deviated filings, competition with direct writers who sell at a lesser rate, reduced commissions as a result of cut rates, and fear of state entry into the business by way of compulsory insurance.

These problems are not new and novel. He called attention to the courage and foresight of the agents who organized NAIA. They did so principally because rate cutting was the order of the day. Competition ran riot. Insurance was written by the lowest bidder. The business was in chaos. Confidence in its stability was questioned. Hatred sprang up. All manner of evil influence was abroad. Those problems in essence were not different than the ones today. There is considerably more socialism wrapped up in today's problems than there was back in the 1890's, but the problems are most similar. And it will be a sad day for the business if there cease to be important problems for agents to work out.

He quoted from Kiplinger's magazine, *Changing Times*, for March, 1954, on automobile insurance: "But there is more to insurance than rates. A few dollars saved on premiums may become unimportant if the company you buy from does not give good service on its claims adjustments, or if it is the kind of company that will cancel your policy if you have a few minor claims in one year."

"It won't do any harm to ask the agent or salesman what the company policy is on cancellations. If there is a good bit of hemming and hawing, you might do better in the long run to shop elsewhere."

"As far as policy service is con-

cerned, the agency system, which most stock companies and some mutuals use, is generally thought to be superior to the direct-selling system."

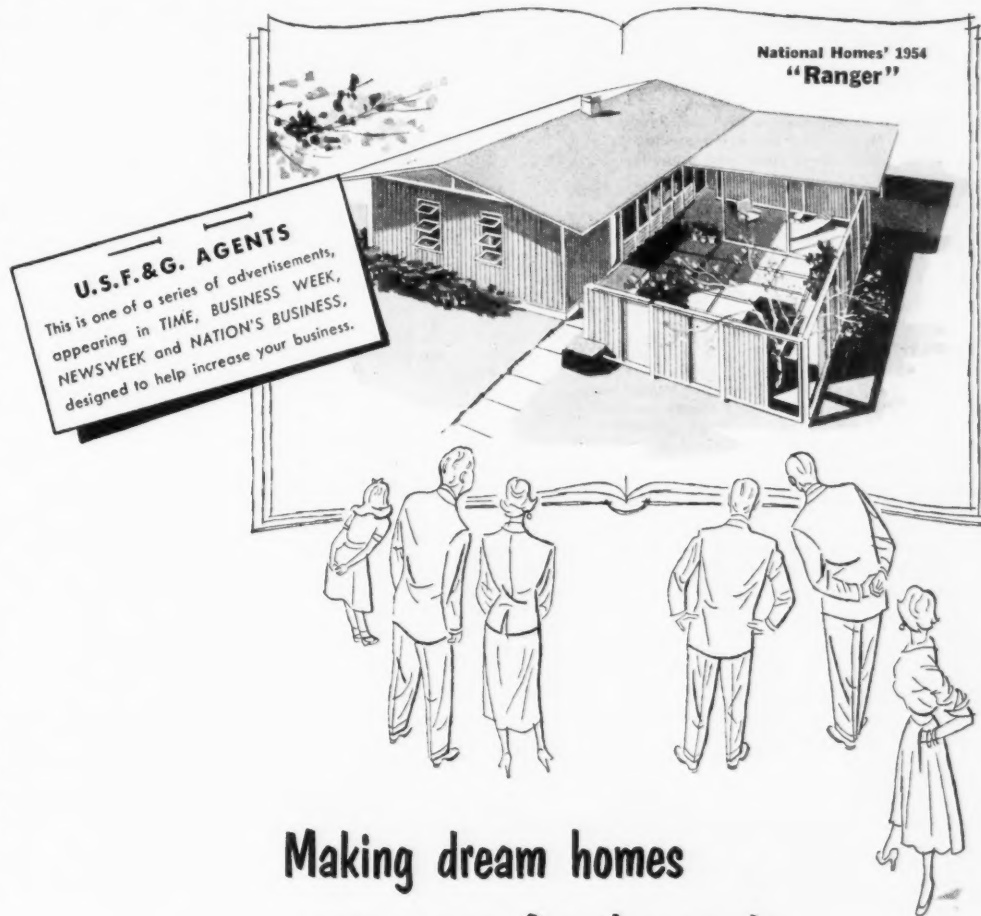
Mr. Stott recalled that 20 years ago Allan Wolff of Chicago, then president of NAIA, in a talk recalled that at one time rebating to insured was the rule rather than the exception, rate wars were frequent, special agents wrote three and five year policies for \$1 with no cancellation privilege. Companies writing residence burglary at half present rates paid 50% commission to brokers. No agent was secure

in the ownership of his expirations and no company plans safe from piracy. Companies even paid rebates to insured.

The agency system has been a target for cut raters, direct writers and the like for 50 years, Mr. Stott declared. Agents and the system still survive and can continue to meet the problems they face now and in the future. The system certainly is being carefully watched and weighed in the scale of economic justice. Agents must be careful of their conduct, they must render a substantial service to

the public, they must recognize that insurance is a joint enterprise with their companies which must culminate in an outstanding service.

He urged keeping the associations strong, they constitute an insurance policy to protect the business. Each agent must do his part. The system must and will survive. Direct writers, the great deviators and cut raters will continue to operate. Let them glory in selling for less. They ought to know what their product is worth. If it were worth more, they would sell it for more.



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# SWISS REINSURANCE COMPANY

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Organized 1863  
**UNITED STATES BRANCH, ESTABLISHED 1910**

United States Manager  
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J. K. Battershill, President  
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New York 17, New York

## Dominican Republic Requires Foreign Company Investments

Dominican Republic investments by insurance companies are expected to increase to several million dollars within the next few years through enactment of a new law in that Central American country which requires American and foreign companies to invest portions of their reserves in Dominican enterprises in order to do business there.

Most severely affected are life companies, which are required to invest at least 50% of the yearly excess of premiums collected over claims paid. Not less than 30% must be invested similarly by other insurers, except marine, and the total of these latter investments must amount to 40% of the previous year's premium income before the company is permitted to do business in the republic.

A total of \$25,000 in earmarked cash or government securities enables a company to engage in one type of insurance operation, and \$30,000 in any two procedures. A \$40,000 security permits it to do an all-line business.

Insurance companies authorized to act as bonding companies are free to engage in all types of surety operations, including the providing of bail. All foreign companies remain under the jurisdiction of the superintendent of banks, and the bond requirements, designed to guarantee payment of claims, remain unchanged.

Investments may be in the form of state or municipal bonds, stocks and bonds of Dominican enterprises doing an agricultural, industrial or real estate business, mortgage or collateral loans secured to the extent of at least twice their amount plus one year's interest, in fixed term deposits in Dominican banks, or in loans to policyholders, guaranteed by life policy reserves, to the extent of 20% of the prescribed investments.

Foreign companies have until May 31 to establish a legal domicile in the republic.

## American Plan, Others, Enlarge N. Y. Quarters

American Plan Corporation is moving from 44 Wall street in New York City to 99 Park avenue, New York 17, N. Y. This is the new building to be principally occupied by Schenley Distillery Co. and will probably be known as the Distillery Building. American Plan will be on the fourth floor and will occupy 50% more space than now used. The new location is one block from Grand Central station.

At this address will be located also the administrative office of Insurance Co. of Delaware, of which Mark Hart, head of American Plan, is president. From this address will be carried on the credit life and credit A&H business of Fidelity Bankers Life of Virginia. While Fidelity Bankers is entered in a few states only, an arrangement has been made with Bankers Security Life of New York to write the business in states where Fidelity Bankers is not licensed and also for writing credit A&H cover. Nearly all of the business written by the Bankers Security in these fields is reinsured in Fidelity Bankers.

## Goldman Forms Agency

John M. Goldman, who recently resigned as public relations director of

Indiana Assn. of Insurance Agents, has formed his own agency in Indianapolis. He will also be associated with Pacific Mutual Life. Prior to his appointment to the Indiana association in January of 1953, Mr. Goldman traveled the Indiana field for Travelers Fire. He was also for a time with New Hampshire Fire, and other stock companies. A five-year veteran of World War II, he attended Indiana University.

## WHERE TO PLACE YOUR BUSINESS

A guide or directory of responsible and adequately equipped local agents. These offices have nation-wide facilities for handling your out-of-state business.

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A Specialist in a Specialty Line  
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Unusual Risk  
Domestic and London Facilities  
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**CRITCHELL - MILLER  
INSURANCE AGENCY**  
Established 1885  
Insurance Exchange Building  
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William S. Faber, Vice-Pres.  
Gordon D. Daugharty, Sec'y-Treas.  
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## WISCONSIN

**Chris Schroeder & Son, Inc.**  
210 E. Michigan St., MILWAUKEE  
Engineering Services—All Lines  
The largest insurance agency in the  
State of Wisconsin



## Neville Sees Complacency Among Agents; Fears It Endangers the Agency System

Because agents have been in a unique and favorable position for half a century, there has been a definite tendency to become unrealistically complacent, John F. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, told the mid-year meeting of the New Jersey Association at Asbury Park.



John F. Neville

As an example of this complacency, or what Mr. Neville chose to call "so little interest in their affairs" he cited the frequent inability to prove to the satisfaction of courts a custom or usage which makes the agent an owner of his expiration. "This situation generally occurs when trouble develops and the agent has no ownership of expiration clause in his agreement. Take my word for it, this is an unhappy situation, because while a number agree there is such a custom, few are able to tell a court what it is."

Mr. Neville read part of an article by Charles W. Tye, of Joseph Froggett & Co., writing in the February, 1954, issue of *Insurance Law Journal*, which the speaker said had inherent in it a question as to the ownership of any business which is subject to this problem for the reason that the agent has allowed control of the business to slip from his fingers and has embraced a plan which gives an inducement to insured to continue in the company for an extended period after the agent no longer represents it.

By way of showing the agent's importance in the business, Mr. Neville offered these propositions: "Reduce the importance of the agent; take over his proper functions; substitute the company for the agent in the mind of the insured; take the necessary and proper and beneficial agency contacts out of the transactions or reduce their importance, and we will be witnessing the disintegration of the American agency system."

In order to meet and conquer this dangerous trend of complacency, he suggested that the agent know exactly the road he is taking before he embarks on adventures which may in the long run so change the operating procedures of the business that he loses his prominent place in it.

"And who else loses?" he asked. "The public, of course, because I truly believe that insurance is most successfully distributed by the agency system and I have never heard anyone persuasively question it."

Ownership of expirations, according to Mr. Neville, is the most valuable development as far as the agent is concerned in the American agency system and in the event that the agent and company decide to part, or if an agency is sold, it becomes very important to determine who owns the valuable information about the insurance situation of clients, the companies or the agents. "The agent is certainly derelict in his duty to himself," Mr. Neville said, "if he doesn't take steps to include a provision in his agreement making the ownership of his business definite and certain."

In this respect, one of the salient features in the doctrine of ownership

of expirations is the undertaking by the companies not to interfere in this agent-client relationship, either during the continuance of the agency or upon termination if the agent's balances are paid.

### \$120,000 Verdict in Crash Case

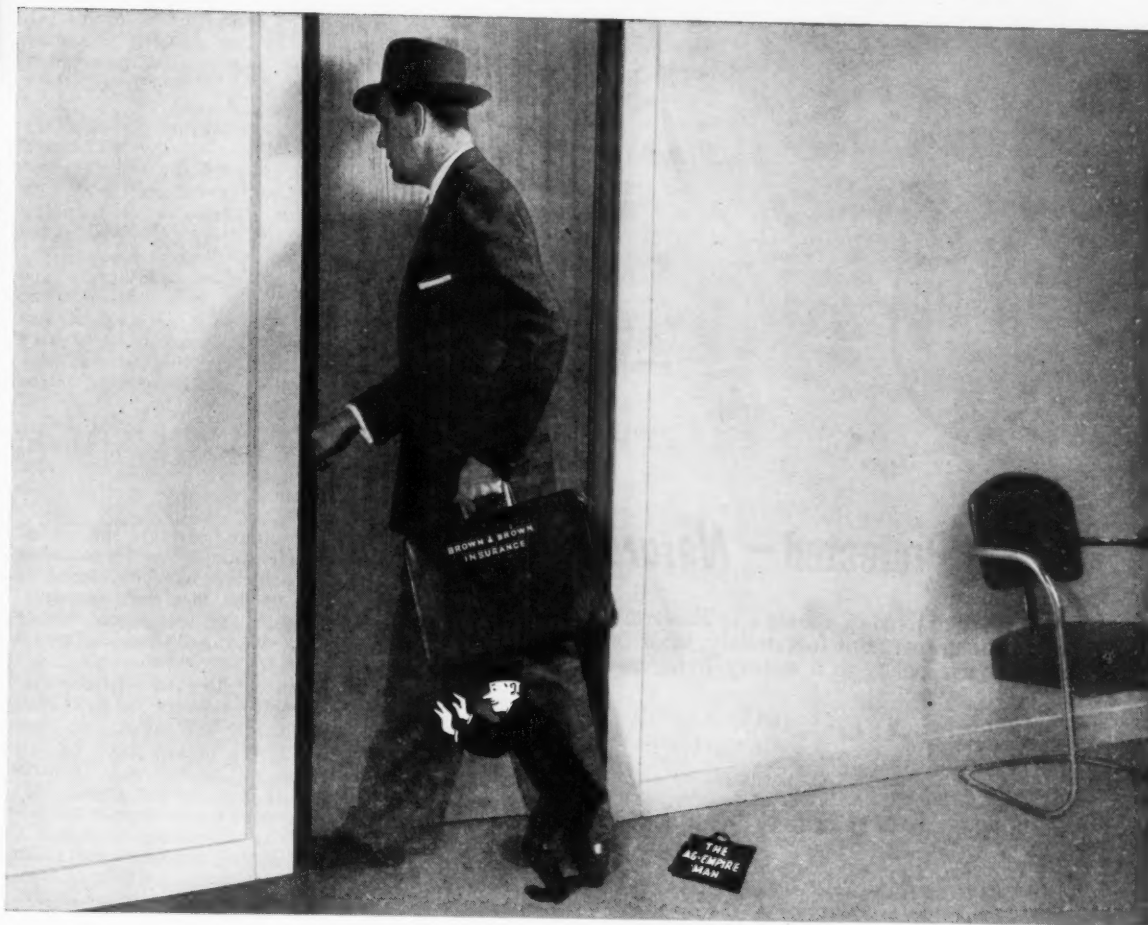
Damages of \$120,000 were awarded Mr. and Mrs. Russell B. Nichols of

Cheshire, Conn., and the estate of Mrs. E. T. Williams as a result of a negligence suit. This suit grew out of a collision between an automobile driven by E. T. Williams, in which his wife, who was killed, and Mr. and Mrs. Nichols were passengers, and a milk truck in Cairo, N. Y. The suit was brought against Mr. Williams by his son, as administrator of his wife's estate, and Mr. and Mrs. Nichols. Mr. Nichols received \$75,000, Mrs. Nichols \$35,000 and Mrs. Williams' estate \$10,000. It was the largest negligence verdict ever given in the Waterbury, Conn., superior court.

### American F.&C. Names Two, Has Good 1953

Assets of American Fire & Casualty of Orlando amounted to \$6,070,178, increase \$1,225,226, in 1953 and gross premium writings reached \$7,251,648, an all-time high.

C. Blakey, manager of the engineering and inspection division, and William Hays, manager of the miscellaneous casualty department, were elected assistant secretaries and new directors are Allen C. Grazier of St. Petersburg, Fla., and Norman A. Street of Winter Haven, Fla.



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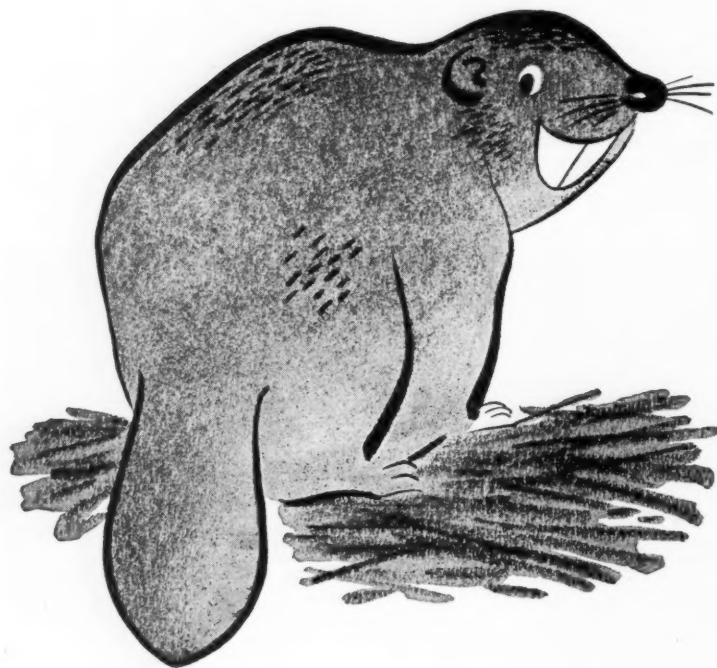
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## Employers, Insurers In N. Y. to Decide WC Controversies

A plan to overcome the pressure in New York state of the hearing system in workmen's compensation, which "has grown into an octopus", has been adopted by the state's workmen's compensation board and follows implementation April 1 by Moreland Act Commissioner Archie O. Dawson of a new hearing procedure under which it would be unnecessary for a hearing to be held unless there is a controversial issue.

While not altogether new, Mary Donlon, chairman of the WC board said, the new proposal embraces revised rules and procedures for penalty enforcement. "These, rather than the hearing system," she said, "will hereafter rein in the poor performers."

Calling the plan a "package proposal", Miss Donlon declared, "it has been said, time and time again, that there is very little new in workmen's compensation, that almost everything one can think of has been tried sometime." She said that the duty of insurers to make direct payments in non-controversial cases is a self-evident responsibility and that the system has broken down several times through "carrier negligence."

Compensation hearings, she added, were never meant to be the bailiwick of the board, but have developed as such due to the fact that companies were not fulfilling their duties. "Now," she said, "we are going to try it again."

In practice, the plan will see employers and insurers investigating claims promptly and making up their minds within a period fixed by law whether or not a dispute is "controversial." If not controversial, payments are to be made directly and periodically by the companies, and it is hoped that this procedure will make a sizable dent in the number of compensation hearings heretofore scheduled.

How much of a reduction in hearings will result, Miss Donlon said, "the board cannot say until the degree of carrier compliance with both the spirit and letter of the law are better known."

Several hundred insurance company executives and members of the New

York compensation insurance rating board attended the conference last week to hear Miss Donlon announce the new plan. Henry D. Sayer, general manager of the rating board, called the meeting. Miss Donlon said her board will hold conferences in New York City and upstate areas to acquaint employers, workers, doctors, lawyers and welfare authorities with the program. Conference dates and cities will be announced, she said.

"This is the year of decision," she declared. "Employers feel strongly that they pay too much for too little, and employees assert that they get too little too late. Under these pressures the people themselves are likely to determine whether, in their opinion, private insurance can or cannot effectively do the relatively simple job of paying women's compensation benefits to disabled workers and to the widows and children who are entitled to such benefits, promptly and directly, without unnecessary controversy or litigation, as the workmen's compensation law clearly intends."

### Central Promotes Marolt

James J. Marolt, Jr., has been appointed special agent to travel northeastern Ohio for Central Mutual of Van Wert. This territory formerly was serviced by W. C. Finney who retired last October.

Mr. Marolt attended Western Reserve University and graduated from Ohio State University. He joined Central in 1951, as an underwriter. He is a navy veteran.

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### JUST OFF THE PRESS

#### Up-to-Date Handbooks of Nebraska, Oklahoma

New, up-to-date underwriters' handbooks of Nebraska and of Oklahoma have just been published by the National Underwriter Co. Each provides complete and up-to-date information on the agencies, companies, field men, general agents, solicitors, groups and other organizations affiliated with insurance throughout the respective states.

Premiums and losses by lines, within each state for all fire and casualty companies, and life insurance paid for and in force for life companies, are also presented in special, statistical sections. Copies of either may be obtained promptly from the National Underwriter Co., at 420 East Fourth street, Cincinnati 2, Ohio, price \$12 each.



## Chicago Judge at 'Insurance Night' Urges Higher Pay Rates for Defense Attorneys

Salary and per diem rates for defense lawyers are no different than they were 30 years ago and the men in charge of claim departments must recognize that "we are beyond the horse and buggy stage and that these men are worth more money for settling a large case of, say, \$50,000 instead of some trifling amount," said Judge Cornelius Harrington, pre-trial judge of the circuit court of Cook county, speaking before Chicago Assn. of Plaintiffs Lawyers at its "insurance night" meeting at the Chicago Bar Assn.

"The time has come to recognize the contribution defense men make to the disposition of cases in courts and also the contribution to their clients," Judge Harrington added, in listing some of his "peeves" in pre-trial work. He said the big salaries of insurance companies are paid to the top men on the sales end and the value of the people who are saving them money in winning cases is not properly recognized. "It is time to evaluate," he declared.

The speaker received a rousing hand for this statement from the insurance men present, who heard four prominent Chicago claim men explain to the plaintiff attorneys their side of the claim picture. The speakers also heartily concurred with Judge Harrington's pet peeve. They were Harry J. Ball, claim department manager of the American Casualty and vice-chairman of the Chicago Inter-Company Arbitration committee; R. P. Tobin, claim department superintendent of Zurich; W. J. Warren, claims manager of Michigan Mutual Liability, and F. E. Forhan, claim department manager of Continental Casualty.

Another of Judge Harrington's pre-trial peeves is the inexperienced plaintiff lawyer having a good liability case and so under-evaluating it as to be embarrassing, especially when the insurance company attorney offers to pay a quarter of even that small amount. On the other hand, he pointed to the defense attorney who asks for numerous pre-trials, extra medicals, complete findings from the plaintiff's file and countless other details, and then says, "We can't offer anything on this case." The judge said he had not met many of this type in his years of experience.

The meeting, which was attended by some 300 persons, was presided over by Stacy W. Osgood of the plaintiffs' lawyers' association, who was chairman of the occasion.

Mr. Ball gave basic thoughts on arrangement of the insurance company's file in an accident case. He explained how an accident is reported and said there is sometimes quite a delay in getting the report through various channels to the proper claims officials so that sometimes they do not know where the case stands even though the plaintiff's attorney is already working on it. He also mentioned the possibility in these days of clerical errors in losing or misplacing policies or dailies which also causes delay.

In explaining claims reserves and unearned premium and how the reserve is set up for various types of claims, he stressed that the claim manager must justify his reserves at the top level, since claim people, at least in the stock companies, are working for a corporation and a series of "wild" settlements will certainly show up on the financial statement.

Mr. Ball, who, himself, is authorized

to settle claims up to \$100,000, told the attorneys that the claim man may not have the authority to settle beyond a limited amount and there is necessarily delay in conferring with higher authorities. He also emphasized, as did the other three insurance speakers, that plaintiffs' attorneys should always divulge all of their clients' injuries

when talking settlements with the claims people since this will come out sooner or later and certainly will save a great deal of time if reported in the first place.

Mr. Tobin said that if meetings, such as the one at which he was now speaking were held once a month, there would be very little need for pre-trial courts and there would be no four-year lag in present dockets of accident cases. He said if people understand each other, there are very few arguments, and the way to do this is to

get acquainted. If the parties on both sides understand each other, each one knows if the other is "talking through his hat or not" and a settlement can be arrived at quickly. He then gave further details of the preparation of the file of a case for settlement.

Listing certain types of cases with which the plaintiffs' attorneys should be patient, he mentioned: Products cases, the contractual type, such as hold harmless and sidetrack agreements, and multiple defendants; mal-

(CONTINUED ON PAGE 32)

## Our 25 YEAR Agents tell their story.....



R. J. PAINE

Dick Paine was born in Burnet, Texas of a pioneer family and his schooling includes International Business College of El Paso and LaSalle University in Chicago. He held a variety of jobs which will require too much space to mention and his start in the insurance business came when he purchased an agency in Lampasas, Texas in 1924. This agency was an old one at the time, having been established in 1884.

Dick has now been an insurance agent for twenty-nine years and has represented the Gulf since we were organized in 1925. But operating an agency is not enough outlet for his energy and talents, so in 1934 he organized and still manages the Lampasas Federal Savings and Loan Association, a business which started with \$5,000 and now has nearly \$3,000,000 of assets. He is past president of Lampasas Chamber of Commerce and was Mayor of Lampasas for ten consecutive years.

It really makes us feel good when we stop and think that men like Dick Paine threw in with us at the very start and have stayed with us through all the years.

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Sincerely,

*R. J. Paine*  
Agent.



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- *The prospect* judges an agent by his attitude towards what he is selling and his knowledge of insurance;
- *The insured* looks for evidences of efficiency and good human relations in the agent's office and in his office procedures;
- *The community* expects the agent to have good employee relationships and evidences of careful selection of employees who are properly trained;
- *The public* looks for honesty and integrity in all forms of advertising and promotional materials;
- *The neighbor* seeks to do business with agents who have demonstrated an importance to the community life; and
- *The client* will show preference for an agent who demonstrates his integrity as a professional person as well as a merchant of security.

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## TIRB Underwriting Meeting Draws 150; Has Fast-Moving Card

Transportation Insurance Rating Bureau's March 24-26 underwriting conference in Chicago drew a record 150 registrants and in its customary fashion progressed through a well-filled schedule, almost to the minute as planned.

Discussing "Home-Owners' Policy—Multiple Line Developments" were H. L. Toser, vice-president Hardware Dealers Mutual Fire, and C. O. Shaver, actuary Farm Bureau Mutual Fire.

Chairman the second afternoon was D. A. Tripp, secretary of Illinois Mutual Fire. Speaking on the personal articles floater, Eugene V. Bradley, manager inland marine department of Lumbermens Mutual, gave the sales viewpoint, and D. F. Sullivan, underwriter American Manufacturers Mutual, gave the underwriting outlook.

Mr. Bradley pointed out the new PAF policy takes the place of eight different policies formerly necessary to achieve proper cover, and that the contract "adds up to one of the most saleable to be developed in recent years." It should appeal to the prospect since he can insure everything under one policy, and it also has advantages for the company and agents in that it facilitates policy writing and the carrying and handling of a wide variety of forms, he said.

Since almost everyone has some objects of value, such as a camera, fur coat or musical instrument, there is a wide field for the PAF policy, and frequently each member of the family may have a valuable item. This type was once difficult to solicit, but now the head of the family can be approached and everything included in a single line. This also makes the premium worthwhile.

Mr. Sullivan gave the history of the policy and mentioned that all exclusions are contained in the form. As one of the features he pointed out the 30-day automatic cover on newly acquired valuables. He also detailed the method in which the minimum premium is decided, which is the highest class included in the policy. He stressed that the policy is for individual cover and should not be used for articles belonging to a business, church group, etc. Mr. Sullivan asked for a show of hands on how many of the companies represented sold the PAF cover, and of the group there were only a bare handful who did not.

In the question and answer period following, the main point of interest seemed to be how to allocate loss, such as how to handle a camera which had been included under the higher minimum of jewelry. There were various opinions on coding and punching on minimums, with a majority of answers indicating that the premiums and losses can be lumped together and handled in that way. This question is expected to be settled by TIRB's statistical committee which is to meet for this reason in the near future. Mr. Tripp pointed out. He also opined that more articles other than the present fur, jewelry, fine arts, musical instruments and silverware categories will be added to the PAF policy.

Winding up the afternoon of the second day was a discussion and demonstration by Irwin Ware, partner of Irmasam Furs of Chicago. A discussion panel, following Mr. Ware's talk, was

composed of R. J. Elliott, assistant secretary of American Manufacturers Mutual, and John Ireland, manager inland marine department of Indiana Lumbermens Mutual.

In his advice on appraisal of fur coats, Mr. Ware pointed out there are many problems in setting an exact value on a garment that is lost or stolen and that the appraiser must have very definite knowledge about all trends in market conditions, manufacturing methods and costs. His opinion must be based on exact retail value of the fur at the time of appraisal. He said the appraisal should contain an exact description, such as length, sweep (number of inches), type of sleeve, kind of lining and also the geographical name of the fur.

In small towns it may be difficult to find a furrier with this knowledge, but the wise thing is to choose one who has been in the business for the longest number of years. He emphasized that he did not mean that a furrier in the business a short time is not reliable, but the former course in most cases is the safest. He also advised against picking a furrier for appraisals who does the most advertising, stressing that this does not indicate reliability of the furrier.

The appraisal should also list approximately the number of skins in the garment, how much per skin, plus taxes and normal historical mark-up which is about 60%. He said the labor cost on a mink coat is about \$10 per skin on an average, and also on an average no more than 65 to 70 skins are needed for a coat.

With a worn coat consideration must be given to the depreciation factor. Certain furs are more durable than others and these should be depreciated about 15% the first year, 10% the second year and should be considered having a life of about 10 years. Five years would be about the limit on perishable furs, with 25 to 30% depreciation in the first year.

Mr. Ware stressed that with new furs, marine companies insuring furs should get a certified copy of the invoice before insuring the furs and then there will be no guessing as to what it was worth when purchased. Then depreciation can be determined. If this course is followed, it should make a difficult job a little simpler, since in a few years most of the worn furs will be gone.

Mr. Ireland and some members from the floor discussed with Mr. Ware the possibilities of the chincilla market. Today most insurance on chincilla concerns only the animals under the regular livestock policy since new chincilla coats are almost non-existent. Chincilla coats seen today, Mr. Ware said, usually have been handed down for about three generations.

An interesting point he brought up was the fact that depreciation enters into the valuation of a fur coat even if it has not been worn, which brought up the technical question of a coat retailing for a certain price at one season of the year and being bought at a bargain in an "off-season." What is its retail value for insurance purposes?

As to repairing a fur coat or remodeling it, Mr. Ware said that the actual cost of repairing the coat can be added to its value if the original cost is known and the depreciation has been taken off. If the cost has been remodeled and the original cost is not known, it should be reappraised like a new coat. It should be depreciated, however, at a higher rate, twice its former level, the speaker said.



## Agents Want Simple, Mass-Marketable Form for Home and Contents, Munz Reports

BOSTON—The agents' attitude toward dwelling and contents forms, some interesting developments in U&O, progress of a modernized loss report, and other subjects were reviewed by H. Earl Munz, Patterson, N. J., at the Eastern Agents Conference here. Mr. Munz is chairman of the conference committee, of which other members are R. M. L. Carson, Glens Falls, N. Y.; Dana J. Lowd, Northampton, Mass.; E. Stuart Windsor, Baltimore, and Kenneth W. Faunce, Boston. Preston H. Hadley, Bellows Falls, Vt. and Arthur B. Fair of Natick, Mass., are members ex officio as chairman and secretary, respectively, of EAC.

Much time has been spent by the conference committee in discussing dwelling and contents forms—all risk, specific perils, extended coverage, additional EC, deductibles, etc., Mr. Munz said. The committee still believes that the all risk policy is not a competitive factor, that it has to be sold to a limited few, and that it is no particular bargain at the rates charged.

Policies should cover specified perils and should be broadened at every opportunity to include new hazards as they develop, he opined. There is plenty of room for improvement in present forms. For instance, to meet the challenge with an all risk policy, agents ought to be able to combine fire, EC and additional EC in one form. It is unnecessary to have a breakdown of premium except for statistical purposes and that should not prove to be too great a problem.

It does not seem necessary or desirable to have a lot of independent filings of special forms as was recently the case in California. The great need is for an easily understood coverage, available to the mass market of dwelling owners and tenants, and applicable to both buildings and contents. Given an equitable rate and a good contract, agents have no fear of competition from direct writers or from those companies which seek an initial competitive advantage by introducing untried and tricky innovations.

There are 45 million dwelling units in the U. S., he said, according to the U. S. census of 1950; 23.5 million are owner occupied; 3 million are vacant, and 1 million are seasonal. Single detached dwelling units total 19 million. Of owner occupied dwelling units, 7,800,000 are mortgaged.

Field clubs and state agents' groups, in cooperation with local boards and their rating organizations, have been holding regional and local meetings to explain the new earnings form, he said. Sessions were not limited to agents who are members of local boards but were open to all agents in the region. Meetings have been held in practically all states, including Connecticut, Delaware, Maine, Maryland, Massachusetts and Pennsylvania, and the reception accorded the program has been excellent. The new form provides a great opportunity for all agents to perform a public service and increase their income. He urged agents to take hold of the form and push it.

The two item and gross earnings forms for mercantile and manufacturing risks have been revised and for the first time will be standard as to wordage for nationwide use, except for certain minor clauses such as alterations and repairs, electrical apparatus, etc. The principal change is

the elimination of the reference to 30 days in the stock item. The new forms have been recommended for adoption in all territories.

Inter-Regional Insurance Conference is studying a single business interruption insurance form to include manufacturing and mercantile risks based on the gross earnings principle with a special endorsement to cover ordinary payroll. This will take

some time to work out on a basis acceptable to producer, public and underwriter.

A sample check of daily reports covering business interruption through the stamping offices of rating organizations in EUA territory developed some interesting information. Up to March 23, 12,700 daily reports were tabulated. Of 6,100 policies using the two item form 2,300 covered mercantile and 3,800 covered manufacturing risks. Of mercantile forms, 2,000 covered item 1 only; 300 covered items 1 and 2; and of the manufacturing forms

3,100 covered item 1 and 700 covered items 1 and 2. This indicates that payroll coverage is not too widely sold.

Policies using the gross earnings forms showed little use of the 60% and 70% coinsurance clauses. Mercantiles preferred 70% and 80% clauses with the 50% preferred three to two. Manufacturing forms were about equally divided between the 50% and 80% clauses.

Donald B. Sherwood of National Board has given agents of the conference committee a sample modernized

(CONTINUED ON PAGE 27)

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## 'Abuses' Touch Off Wyoming Probe of Credit Life, A & H

Because of "widespread abuses of credit insurance" by small loan companies in Cheyenne, Commissioner Taft has launched an investigation of the credit life and A&H business in Wyoming.

Mr. Taft is quoted in a *Wyoming Eagle* story as saying credit insurance is being used to get around a state law limiting the interest rate on small loans. He states he knows of three companies that have permitted agents to follow objectionable practices in connection with credit coverages.

One borrower who got a small amount of money from three loan companies was sold credit life and A&H coverage by each, the premiums totaling about \$50. No policies were delivered to the borrower, however, nor was he told he had the coverage.

"It appears that failure to deliver policies to borrowers is due to the fact that the money lender has a financial interest in contingent commissions, which he receives providing no claims are filed against the policies," Mr. Taft was quoted as saying. Some lenders licensed as agents get an initial commission of 50% on each policy, plus the contingent if no claims are filed, he said.

Another borrower, who during two years made nine small loans with one lender, ended up with nine credit policies, totaling \$116 in premiums. He actually had no coverage, however, as he was five years older than the policy age limit, a fact the lender concealed in arranging for the coverage.

Mr. Taft plans to attend the NAIC credit life and A&H subcommittee meeting at Chicago April 26-28.

## Home Promotes Doyen to General Claims Manager

Henry Doyen, assistant general adjuster of Home, has been appointed general claims manager for Home and Home Indemnity. He has been active in loss and claims operations since 1920, and joined Home in 1928. In 1941 he was made assistant general adjuster.

## Auto Men Eye Plexiglas

Automobile Claims Assn. at its meeting in New York City April 8 is reviewing the Plexiglas situation with views being presented by Ray Colbigh of General Adjustment Bureau and Thomas Hunter of North British, members, and S. James Zarger, manager of the plastics division of Rohm & Hass Co. This organization is the sole supplier of Plexiglas to the automobile business. This is the annual election of the association. The annual dinner will be May 7 in New York.

## Agency Marks 70th Year

Putnam & Kellett agency at Alexandria Bay, N. Y., is celebrating its 70th anniversary. Clarence H. Burtch, present owner, joined the agency in 1924 and when Charles U. Putnam, one of the founders, died in 1942, became a partner. John F. Kellett retired in 1945 and Mr. Burtch became president.

## Prominent Racine Agencies Merge

The Carpenter & Rowland Co. and the John J. Batenburg agency of Racine have been merged. John S. Rowland is president; Mr. Batenburg is ex-

ecutive vice-president and treasurer, and Robert Schnetz is vice-president. The new name is Carpenter-Rowland-Batenburg Co.

Carpenter & Rowland recently celebrated its 50th anniversary, and the Batenburg agency, formerly the I. O. Mann agency, has been in business for 40 years. Mr. Rowland is a former president of Wisconsin Assn. of Insurance agents, and Mr. Batenburg is now vice-president of that organization.

## Kenney Resigns, Ontario Glens Falls Staff Changes

Ronald H. Bailey has been appointed chief agent in the province of Ontario by Glens Falls. He succeeds George B. Kenney, resigned. Mr. Bailey began his career in London after royal air force service and later went to Toronto. He will be assisted by inspector Ronald A. German, who was district agent in England and in Canada before joining Glens Falls. Walter M. McAndrews will supervise the Toronto office and assist Mr. Bailey and Mr. German.

## Corrections on N. Y. Casualty Table

The totals on New York state casualty business which were published on page 5 of the March 25 issue should be automobile liability losses, automobile PDL and losses, and burglary premiums.

The totals for auto liability are direct writings of \$278,555,850 and incurred losses of \$142,025,436.

The direct writings for auto PDL are \$95,826,546, and the incurred losses are \$40,001,006.

On burglary, the direct writings are \$17,302,547 and incurred losses are \$6,531,325.

## Soule, Wheeler Transfer to Washington, Buffalo

Chester I. Soule, Jr., manager at Buffalo for General Accident, has been transferred to Washington as manager, and Herbert W. Wheeler, special agent at Syracuse, has been promoted to manager at Buffalo.

Mr. Soule joined the organization in 1940 and after military service became special agent at New Haven and transferred to Buffalo in 1948. Concurrently with his present transfer, the company is expanding its fire and casualty program in Virginia, Maryland and District of Columbia.

Mr. Wheeler joined the company in 1944.

## Judges in Fire Waste Contest

Judges John Neale of National Board, Robert Schuette of National Fire Protection Assn. and Dale Auck of Federation of Mutual Fire Companies, are meeting in Washington to choose the seven cities with the best fire prevention programs.

## Safety Prize for Jacksonville

First prize, \$100, in the 1953 competition for traffic officials of Assn. of Casualty & Surety companies went to Harry Howard, Jr., Jacksonville, Fla., traffic engineer, for a traffic control program that produced a 67% reduction in accidents at a hazardous intersection.

## EUA Annual June 14-15

The midyear membership meeting of Eastern Underwriters Assn. will be June 14-15 at Rye Beach, N. Y.

William H. Aldridge, Jr., and Charles B. Wason have been appointed vice-presidents of Associated Insurers agency at Raleigh, N. C. Mrs. Mamie L. Bailey, who has been with the agency for 20 years, has been named secretary-treasurer.



## Give Seattle Card for Far West Agents, NAIA State Directors

The time table program and schedule of events to be discussed by the national board of state directors of NAIA, which will be meeting concurrently with the Far West Agents Conference in Seattle April 11-14, has been released.

The NAIA executive committee will hold sessions April 8-11, and on April 12 the Far West Agents Conference session will be staged as well as the first session for the state directors. Tuesday there will be additional state directors' sessions and the Far West Agents Conference meeting resumes Wednesday when that group will meet with representatives of the Pacific Board and with advisory committees of National Bureau of Casualty Underwriters and National Automobile Underwriters Assn.

Among items to be considered by the state directors are the request for affiliation by Alaska Assn. of Insurance Agents, and Saskatchewan Guarantee & Fidelity, the Regina insurer whose license in Montana is being contested by agents, as well as committee reports.

Mixed in with the business will be a banquet Sunday evening and another Tuesday, with the King County association as host. There will be a ladies' luncheon Tuesday and on Wednesday the group will take a boat trip to Victoria, B. C., returning the following day.

## End B. C. Hospital Plan Premiums, Hike Tax 66%

Premium payments under the British Columbia hospital insurance service were suspended April 1 and residents entering hospitals now will pay only \$1 a day during their stay. To cover the costs, there has been an increase in the provincial government sales tax from 3% to 5%.

In the past premiums have been \$27 per year for a single person and \$39 per year for a person with dependents.

Although compulsory, a significant percentage of citizens have refused to pay the premiums. About the only hospitalization cost not covered under the plan is the difference between the charges for a ward room and those for semi-private or private rooms.

## Great American on Bond

J. E. Haddock, Ltd., Pasadena, Cal., has been awarded a contract by the California state highway department, at the bid price of \$3,135,122 for the construction of the harbor between 23rd and 42nd streets, Los Angeles, a distance of 1.4 miles. Great American Indemnity Co., through Wren & Van Alen, general agents, is surety on the work.

## Firemans Fund HO in Del.

Delaware has followed close upon Pennsylvania to become the 17th state to approve the special homeowners policy of Fireman's Fund. Writings began April 5. Rates in the policy, identical to Pennsylvania's, have been determined by adding an all-risk loading of 5¢ annually to the fire, EC and AEC rates applicable under the filings of the Middle Department.

The policy, first introduced in California, now is operating in South Carolina, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ne-

braska, North Dakota, Oklahoma, South Dakota, Tennessee and Wisconsin, as well as Pennsylvania and Delaware.

It has been filed in Connecticut, Maine, Rhode Island, Vermont, New York, Maryland and District of Columbia.

## Urges Spokane Traffic Court

Spokane Insurance Assn. heard an address by Keith Campbell, Spokane County judge, in which he stressed the need of a county traffic court to try nothing but traffic cases and recommended stricter penalties for violators.

## N. J. Subrogation Bill Worries Insurers

Senate bill 97 in the New Jersey legislature has been reported by committee and has had its second reading. In effect, it removes control of subrogation in auto collision claims from the companies and places it in the hands of insured. Insured is not required to make and execute an assignment and transfer to the collision insurer. Insured can decide whether to proceed with subrogation or not, he can select his own attorney, and about the only extent to which insurer would partici-

pate would be in the settlement and to the extent of its interest.

The bill would destroy the contractual structure of the policy. The subrogation rights in the policy have always been regarded as valuable and to bear materially on rates.

The bill was introduced by Bruce Wallace, an attorney of Camden.

Recovery Men's Forum has a committee working on the matter. David A. Butterworth of Pacific Fire is chairman, and members are Floyd Pickett of Home, Byron Berthelsen of Commercial Union, William Whitesell of General Adjustment Bureau and David Smith of Loyalty group.

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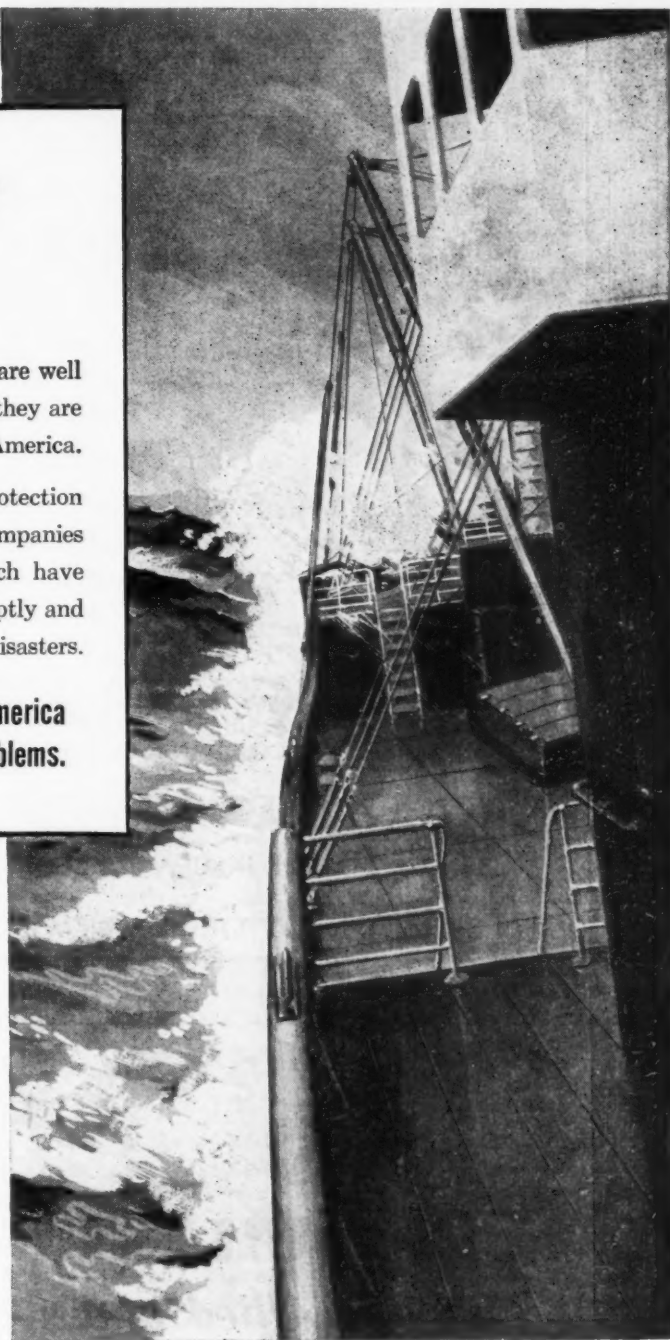
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## Bokman, Gray Will Address Ohio Young Agents' Conference

C. H. Bokman, Pittsburgh, resident vice-president New Amsterdam Casualty, has been selected as the banquet speaker for a young agents' conference to be conducted by Ohio Assn. of Insurance Agents. The conference, which is a popular annual affair devoted to insurance men who are not older than 35 years, will be held at Granville, April 21 and 22.

M. E. Shiffman, Cleveland, will discuss office management procedures; D. H. Garlock, Columbus, inland marine opportunities and Anthony D'Aurora, Steubenville, legal aspects of claim adjustments. T. M. Gray, executive secretary of the association, will talk about legislation and B. P. McMackin, Jr., assistant editor, The Fire, Casualty & Surety Bulletins of THE NATIONAL UNDERWRITER, will describe sales opportunities in new coverages. F. H. Johnson, Columbus, will also have a talk on legislation.

There is to be a panel with Messrs. Garlock, Shiffman, Bokman and McMackin participating and a young agents round table conducted by J. W. Ray, Jr., Columbus.

## Casualty Men Plan to Organize at Louisville

A new organization of branch managers and state agents of casualty companies is being formed at Louisville, where there has not been a casualty organization for nine or ten years.

James W. Henning, president of Louisville Board, said it is felt that Louisville needs such an organization and that it would be of great aid, especially in legislative matters. He said the board was ready and willing to lend cooperation to formation of such an organization, including use of the board's assembly room for meetings, and secretarial service if such should be needed.

## Rejects Union Plea

National Labor Relations Board has dismissed the petition of a printer's union in the case of General of Seattle. Seattle Business Printing Machine Operators, Local No. 692, AFL, sought recognition of a unit of company employees composed of 12 IBM tabulating machine operators, on the ground that they are craftsmen.

The company contended they are not and that the only appropriate unit for collective bargaining would consist of all clerical employees in the home office. The board found there is no past history of collective bargaining in the company. The board rejected the union's contentions.

## Uhran is Special Agent

John T. Uhran, Jr., has been appointed special agent for Colorado and Wyoming, assisting State Agent Russell G. Woods, Jr., by the New Zealand. His headquarters will be in Denver. Mr. Uhran began in insurance with the Mountain States Inspection Bureau in Denver. He then went with Northern Assurance. An army air corps veteran, he studied engineering at the University of North Dakota.

## Rathbun Named Manager

American Ins. Co. has promoted Charles R. Rathbun to manager in southern California, succeeding Ralph L. Priest, resigned. Mr. Rathbun joined the company after World War II

service with the air force, as a field man in New Jersey, and went to the southern California field in 1948, later becoming superintendent of the fire and marine departments there. He most recently has been field supervisor.

## Factory Insurance Assn. Names Regional Advisers

Factory Insurance Assn. at its annual meeting in New York City elected advisory committees. Members are:

Eastern—Barton Douglas, Hartford Fire; C. M. Close, Great American; W. W. Corry, National Fire; I. E. Crouch, Aetna Fire; V. L. Gallagher, Pearl; Felix Hargrett, Home; W. F. Jones, Springfield F&M.; J. A. Newlands, Scottish Union; Olaf Nordeng, Automobile; W. A. Rattleman, National Union; Bradford Smith, Jr., North America; W. E. Smith, Phoenix; F. P. Walther, Continental, and Robert Wareing, Travelers.

Western—P. H. Barr, Hanover; P. S. Beebe, Hartford Fire; Rush W. Carter, Aetna Fire; H. A. Clark, Firemen's of New Jersey; Charles Dox, London & Lancashire; E. H. Forkel, National Fire; E. A. Henne, Continental; E. D. Lawson, Fireman's Fund; F. L. Ludington, Atlas; J. G. McFarland, American; R. E. Minner, Home; C. W. Ohlsen, Sun; M. E. Petersen, Springfield F&M.; Earl Sanborn, Great American; W. A. Seely, U. S. Fire; and Bradford Smith, Jr., North America.

Pacific—R. E. Alderman, Royal; D. A. Barry, Pearl; Malcolm Cravens, Camden Fire; H. C. Edmundson, Continental; L. S. Gregory, Fireman's Fund; E. R. Hindley, National Fire; Ward S. Jackson, U. S. Fire; C. M. Marshall, Aetna Fire; P. F. McKown, St. Paul F&M.; W. B. Miller, American; F. F. Owen, North America; A. C. Posey, Hartford Fire; Herbert Ryman, Great American, and G. E. Stroub, Home.

August W. Lauterbach, local agent of Colby, Kan., and a banker there, has been elected a director of Preferred Fire of Topeka.

John Barron has become a partner in the Marshall agency of Silver City, N. M., and the new title is Marshall-Barron agency.



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## Mich. Fire Safety Meeting Draws 200

LANSING, MICH.—Some 200 industry, insurance and fire prevention representatives were told here by Gov. G. Mennen Williams and several experts in fire safety that conditions for repetition of the catastrophic Livonia hydraulic plant still exist in many Michigan plants.

The group was attending the first post-war industrial fire safety conference at Kellogg Center, Michigan State College, called at Williams' request by Waldo O. Hildebrand, secretary-manager, Michigan Assn. of Insurance Agents, chairman and members of a special conference committee.

Williams cited two basic problems in control of the industrial fire hazard, the "open space" problem common to mass production, and the trend toward decentralization of industry units into low-tax suburban areas which are unlikely to have adequate fire protection facilities. He suggested as best remedies complete cooperation among safety organizations, insurance carriers, government and industry, together with maximum use of available technical fire control devices.

"Pre-search" should rival research in fire prevention, Matthew Braidech National Board research director, said, citing the all-out efforts that follow disasters while laxity precedes them. He said old hazards, such as nitrate film should not be neglected because new fire perils have appeared. Too little attention is paid to the huge potential damage to precision tools merely from smoke, he said, citing ruined instruments in the Livonia fire which were not near the blaze.

Allen L. Cobb, Eastman Kodak safety director, suggested the practical aspects of curtain sprinkler systems and adequate roof venting in controlling high hazard areas in plants. He said properties should be evaluated as to risk and protection planned accordingly with all departments of a plant helping set up safeguards.

Need for personnel education was stressed by all speakers, the too frequent disdain for vital safety regulations being cited as a major hazard in most industries. In fire protection planning, Cobb said, "Let's assume that sooner or later a fire will start, but provide means to keep it under control", since "fire is a necessary tool in almost every branch of industry and small, accidental blazes are inevitable".

Fred McLeon, Detroit, safety manager, Socony-Vacuum Oil Co., and John Reid, state labor commissioner, the latter a conference committee member, stressed, respectively, the fact that "not more codes are needed, but more willing compliance with those living under the code" and that "there is no such thing as a fire-proof building", a fact that all industrial employees should realize and act upon accordingly.

## Hear Battles, Hall at L. A.

Robert E. Battles, the California member of the NAIA executive committee, and F. A. Hall, southern California manager of Security of New Haven, were speakers at the March meeting of Insurance Assn. of Los Angeles. Their subject was multiple peril business.

## Sioux Falls Agency Expands

The Dornberger Co. agency of Sioux Falls is now writing fire business with Virgil F. Steigner as division manager.

The agency previously has written only casualty, crop-hail and life.

Mr. Steigner has had rating bureau experience for 11 years with London & Lancashire, and since 1948 has been state agent in the territory for Providence Washington. The agency will represent Transportation of Chicago.

## New Insurer at Dallas

Home Service Casualty of Dallas has been licensed by the Texas department. Beginning capital and surplus is \$368,720. Frank Cain is president and R. H. Rockholt secretary.

## Fire Protection Program for N. Y. Safety Meeting

A program on industrial fire protection will be presented by New York chapter Society of Fire Protection Engineers at Greater New York Safety Council's convention in New York this month. W. Robert Powers, Furriers' Customers Reinsurance Syndicate, is chairman and Pierce J. Connelly of Johnson & Higgins is in charge of arrangements.

Speakers are Matthew M. Braidech, director of research of National Board, on "Fire Protection Design in New

Industrial Construction"; Arthur W. Sullivan, executive representative of American District Telegraph Co., on "Modern Automatic Detection and Control of Fires"; and W. E. Rossmagel, fire protection engineer of Consolidated Edison, on "The Latest Developments in Industrial Fire Fighting Programs".

## Rough Promoted in Cal.

Stuart S. Rough has been named bond production manager at Los Angeles for Massachusetts Bonding. He has been in the insurance business since 1946 in southern California.

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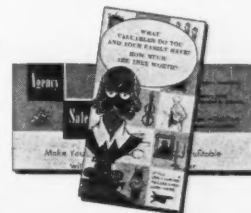
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## EDITORIAL COMMENT

### There Will Be No More Accidents in Omaha

Police Chief Boesen of Omaha has decreed that there are to be no more traffic accidents in that city. He has outlawed the word *accident* in reports on the police radio and has ordered that traffic mishaps be called *collisions*. As he aptly explains, an accident is an unforeseen event that is no one's fault; so-called traffic accidents occur because someone is in the wrong

through carelessness, discourtesy or disregard for the law.

Perhaps it would be a good idea for the insurance business to stop referring to automobile liability insurance and start calling it automobile negligence protection, maybe influencing insured drivers to be more careful, courteous and rule abiding and scare, a little, the shrinking tribe of uninsured.

### Coinsurance Is Snag in Major Medical

So much attention has been directed at major medical coverage that it seems as if these plans are going to be due for intensive development efforts to make them fill the needs of the public. Basically of course, they cover the average family in a real jam far better than the usual run of full-coverage medical and hospitalization policies. If nothing else, the current agitation about major medical seems likely to educate the public out of its false sense of security in respect to policies that leave off just when the financial going gets really tough.

There are plenty of complications in the way of it, but what the average family needs is a policy that will pick up the check when medical and hospitalization outlays are still reasonably short of the disaster point. What a family head would like to have is coverage that will limit his outlays for hospitalization and medical care to a specified figure per year. For this reason a per-year deductible is much more appealing than a per-illness deductible.

Of course, he would like to have the deductible as low as possible or no deductible at all, but once familiar with the first law of economics, which is that there is no such thing as free lunch, he appreciates that the higher the deductible the less the premium.

The most troublesome hurdle for major medical coverage, at least from the buyer's point of view, seems to be the coinsurance feature. If the total bill for the year doesn't run very much above the annual deductible the customer can probably absorb his 25% share of it, or whatever the percentage is, without having to go into the hands of the receiver. Nevertheless, it must be remembered that he has already taken it on the chin for the full amount of the deductible and presumably he is going to purchase the highest deductible he can afford, so as to keep

his premium down.

If he has \$5,000 in coverage above a \$300 deductible, his share as a coinsurer could conceivably be disastrously high. It's just as costly for him to be a 25% coinsurer on a \$4,300 medical expense as to pick up the tab for a \$1,300 outlay completely uninsured. It's almost as easy to imagine being liable for a \$4,300 charge as for \$1,300, because both these figures are so far beyond the usual annual medical outlay of the average buyer that his main reaction to them is they are just real big numbers that he would certainly not like to have to pay out.

Just as cogent, of course, is the pro-coinsurance argument of the insurers: Once the insured gets beyond the deductible, all kinds of fancy medical expenses, Park Avenue specialists, and therapeutic trips to Florida become necessary to his continued survival, with the insurance company being expected to pick up the check. Doctors are accustomed to charging according to the patient's ability to pay and without a coinsurance provision the ability of a patient to pay, once the deductible has been exceeded, would be unrestricted up to the policy limit.

It seems like an easy way out to say that the solution to the coinsurance problem in major medical depends on the doctors but it seems as if that is in large measure true. To the extent that existence of a coverage aggravates the hazard insured against, the risk becomes progressively more difficult and expensive to insure, perhaps prohibitively so.

Insurance companies have this problem to contend with in other fields. In life insurance the mere existence of coverage adds to the risk of self-destruction but not to a degree that seriously increases the premium that must be charged. Malingering has an effect on A&H premiums but it is usually kept within bounds. The mere fact that

nearly everybody has automobile liability insurance undoubtedly is responsible for excessively liberal jury verdicts that have in turn been reflected in tremendously increased automobile liability insurance rates.

Even though the doctor obviously occupies the key position in any solution to the coinsurance problem in major medical, we don't profess to know what the solution might be. Almost any conceivable solution would involve interference with the doctor's traditional right to charge whatever fee he chooses to set. But a solution to the problem must be found if major medical is to provide real security against disastrous medical and hospitalization expenses.

is also a vice-president of Home F&M of the Fireman's Fund group.

## DEATHS

**J. WOODCOMBE**, local agent at Fitchburg, at one time president of Massachusetts Assn. of Insurance Agents and a trustee of the Insurance Library of Boston, died.

**ARTHUR S. JUNIPER**, retired adjuster for General Adjustment Bureau at Spokane, Wash., died in a hospital there following an operation for a lung condition. He previously was G.A.B. manager at Spokane and had more than 40 years' adjusting experience.

**OTTO F. WEBER**, 47, general manager of the Case, Thomas & Marsh agency of St. Louis, died at St. Elizabeth's hospital, Bellevue, Ill. He had been with the agency for more than 27 years.

**FRANK C. TREADWELL**, 60, former resident vice-president of United States Aviation Underwriters, died at his home in Glendale, Cal., after being seriously ill for about 10 days. He had suffered a stroke four years ago and never completely recovered.

**I. SABIN BINGHAM**, treasurer of Wallace Ried & Co. agency in New York, died at his home in Mountain Lakes, N. J. He had been with the agency 38 years.

**WILLIAM L. HEALY**, local agent at Tacoma, Wash., died at St. Joseph's hospital there.

**A. E. GRAFTON**, 53, Tacoma, Wash., local agent, died as the result of burns suffered at his home. The body was discovered two days later by Mrs. Grafton, who had been on a visit with friends.

**W. REESE COPENHAVER**, 48, Springfield, O., president of W. E. Copenhaver agency, died.

**ACKLEY R. SLEE**, 61, Marblehead, Mass., agent, died.

**JOHN B. RICHARDSON**, 53, local agent at Montreal, died at Winnipeg.

### NAIC Brass Takes Dim View of A&H Reinsurance

(CONTINUED FROM PAGE 1)  
the government, is reported elsewhere in this issue.

The only two executive committee members not present were Burt of South Dakota and Bowles of Virginia. On hand were Chairman Leggett of Missouri, Vice-chairman Martin of Louisiana, Taylor of Oregon, Leslie of Pennsylvania, Davis of Mississippi, Bisson of Rhode Island, Jackson of Maryland, Pansing of Nebraska, Hammel of Nevada, President Murphy, Vice-president Knowlton of New Hampshire and Cravey of Georgia was represented by Deputy Commissioner Hubert McDonald.

Other commissioners attending were Combs, Arkansas; Barrett, Illinois; Wells, Indiana; Goebel, Kentucky; Sheehan, Minnesota; Apodaca, New Mexico; Northington, Tennessee; Taft, Wyoming, and Larson of Florida was represented by Deputy E. A. Faircloth.

## PERSONALS

**James J. Mitchell**, secretary of Aero Associates at Chicago, has been appointed by Gov. Stratton to the Illinois interim aviation commission, a new committee created by the last session of legislature to study various aviation problems in Illinois, including existing laws and those proposed. The commission will be composed of three members of the state senate, three members of the state house of representatives and three other persons.

**Hugh Dennison**, audit department manager of Mountain States Inspection Bureau, and Mrs. Dennison announce the birth of their second son, Kevin Scott, at Denver.

**G. J. B. McGowan**, head of the McGowan agency at Chicago, flew to London, England, April 3 to confer with underwriters at London Lloyds. He will return in about two weeks.

**Homer T. Johnson**, manager, Leonhart & Co., (Fla.), in Starkville, Miss., has been confined in a local hospital for a shoulder operation.

**E. V. Schenke**, advertising manager of Royal-Liverpool, was honored on his 25th anniversary with the group at a luncheon given by the staff. Graham L. Russell, secretary in charge of public relations and advertising, was toastmaster. Mr. Schenke was presented with a gold watch.

**Charles E. Harbin**, manager of Underwriters Grain Assn., Chicago, this month is marking his 35th insurance anniversary. He was with Minnesota Rating Bureau for 22 years before going with U. G. A.

The National Underwriter in reporting the election of **Ellis H. Carson**, president of National Surety, as a vice-president of Fireman's Fund Indemnity, omitted mention of his election also as vice-president of the parent company, Fireman's Fund. Mr. Carson

#### McNATIONAL UNDERWRITER

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## Taylor of Oregon Predicts Return of UA-Rating Specter

Even though the industry people managed to get the subject of uniform accounting in relation to rate making tabled in an NAIC sub-committee, the business by its own action will bring the problem back again, Commissioner Robert B. Taylor of Oregon told those attending the annual conference of Pacific Insurance & Surety Forum at Palm Springs, Cal. The California, New York and Wisconsin departments achieved a victory by having the report tabled rather than "not received" or "not adopted", he said, adding it is his belief that in some form the report on uniform accounting and rate making eventually will be adopted.

The demand for uniform accounting will stem from the demand for uniform statistics in the casualty business similar to those found in fire insurance, he said.

Mr. Taylor took as an example the rating of private automobile BI and PDL, asking his audience to compare it with the rating laws of the majority of states where filings must be supported. Support for a rating change must be in a manner compatible with the rating formula to be supported, he said. The casualty business must sooner or later face the fact that a greater degree of uniformity of classification is needed.

"What does the class I private automobile BI and PDL risk mean in the way of describing the classification of the automobile?" he asked. "This designation can and does have a different meaning from both an underwriting and statistical standpoint between companies and even between states within the same company. If the companies do not maintain a uniform classification of risks in the various states, how can they present statistics to the various states which intelligently represent their loss and expense experience on a nation-wide basis in support of a rating formula which is not used on a nation-wide basis? If a company in its nation-wide operation maintains rating formulas that differ in different rating jurisdictions, it must in order to satisfy the various states convert its loss and expense experience on a nation-wide basis into as many statistical plans as it has rating formulas."

A company having five classification systems for automobile nation-wide will have to keep five sets of statistics showing its nation-wide experience as though each plan were in reality used nation-wide, he continued. If the statistics cost the policyholder any of his premiums, the policyholder is being called upon to pay an expense that could be reduced if one classification system were used on a national basis. This means, he declared, that uniform accounting as it relates to rate making is not a dead issue.

Uniformity does not necessarily begin or end with accounting, but if uniformity between insurers is not achieved to a greater degree than exists today between companies writing similar risks, Mr. Taylor said it will be demanded by supervisory officials in the public interest.

The commissioner than mentioned some underwriting practices which have no appeal to him, especially restrictive automobile underwriting. If such an essential business as automo-

bile insurance does not or cannot fulfill its responsibility, that business is morally bankrupt, he stated. If it is bankrupt, government will have to take over. "With underwriting rules which exist in some companies, I would say that their liabilities far exceed their moral assets and that they are hopelessly broke. Just how long the morally solvent companies can support the non-productive and spendthrift companies is questionable. The companies individually assumed the holier-than-thou attitude which leads me to believe that top management apparently does not know what their underwriting department is doing."

Alarmists have their place, the commissioner said, and a warning sign should be used for the purpose for which it is intended.

## No Change in Ownership of Main & Baker, Minneapolis

The article on page 14 of the April 1 issue of THE NATIONAL UNDERWRITER stated that Wayne C. Foster acquired controlling stock interest of the Minneapolis adjustment firm of Main & Baker.

This was in error as Mr. Foster does not now have, nor has he had, any interest in Main & Baker of Minneapolis. This parent company, established in 1903, is a sole proprietorship owned by J. W. Baker. Main & Baker is one of the oldest independent adjusting firms in the United States. It was founded by J. Frank Main who switched to the adjusting business from a field position with the old Calumet Fire. Mr. Baker joined the company in 1920 at which time the firm name was changed from J. F. Main & Co. to Main & Baker.

Main & Baker Inc., of South Dakota, in which Mr. Foster did purchase controlling stock interest, was organized by Mr. Baker in 1945 at the time Mr. Foster came with the organization. This corporation serves, in addition to South Dakota, a segment of counties in southwestern Minnesota adjacent to Sioux Falls and Marshall, Minn. The balance of Minnesota is served by Main & Baker, Minneapolis, through the home office and offices at St. Paul and Duluth, and Grand Forks, N. D.

There is no change in the ownership or management of the Main & Baker, Minneapolis, organization. The two companies in the past have always operated as separate entities and will continue to do so in the future, serving each others interests as corresponding adjusters.

## Policy Fee Ban in Okla. Postponed to May 1

The ruling to end the use of membership and policy fees in Oklahoma has been postponed as to its effective date until May 1. The order originally would have called a halt to this practice March 31.

During a public hearing, members of the state insurance board were told increased rates of from 10 to 15% by State Farm and 5.8% by another company would be necessary if they could not use the policy fee system. Five companies had protested the order. Aside from State Farm, other companies having representatives on hand to testify were Oklahoma Farm Bureau Mutual, Farmers Group of Los Angeles, Great Central of Peoria. Before the May 1 effective date rolls around the board has the option of allowing its order to stand, to modify it or reverse it.

Walter E. Luckenbacher of the Homer Warren & Co. agency of Detroit, on April 1 was guest of honor at a cocktail party marking his 25th year with the organization.

## Serial 47 Wind Losses in Midwest May Total 75,000

The March 25-26 midwestern windstorm which has been designated catastrophe No. 47 caused damage in what now appears to be in excess of the figure of 40 to 50,000 losses estimated in last week's issue. Although there are no complete figures available, it is now estimated that losses may exceed the 75,000 mark, and average about \$50.

Taylorville, Ill., was hit by a twister and although not having numerous losses, those that occurred have been estimated to run between \$500 to \$1,000. Anderson, Ind., the scene of another small tornado, also was not hard-hit from the point of number of losses, but those occurring are expected to average between \$400 and \$500. Western Adjustment has set up a special office in Taylorville, and Underwriters Adjusting has sent out extra people as well as shifted a number of men to handle hard-hit areas, such as St. Louis, South Bend and Grand Rapids.

In states where the \$50 deductible applies, apparently there has not yet been enough written to have an appreciable effect on loss amounts. In one state checked—Kansas—the \$50 deductible was running 5 or 10 to 1,000 losses.

## Modify Ind. WC Order

Commissioner Wells of Indiana has modified his order which made mandatory a discount plan on all workmen's compensation premiums exceeding \$1,-

000. The order went into effect Jan. 18, but was withdrawn several days later, and Mr. Wells explained that was done because it was discovered the Indiana department in 1947 had promulgated an order to allow such discounts if a deviation is used.

## STOCKS

By H. W. Cornelius, Bacon Whipple & Co. 135 South LaSalle st., Chicago, April 6, 1954.			
Aetna Casualty	3.00*	133	137
Aetna Fire	2.40	57½	59
Aetna Life	2.50*	109	111
Agricultural	1.60	31	32
American Equitable	1.70	31½	32½
American Auto	2.00	50½	52½
American (N. J.)	1.10	26	27
American Motorists	.24	8½	9½
American Surety	3.00	59	61
Boston	1.40	37½	39
Camden Fire	1.10*	24	25
Continental Casualty	2.60	121	124
Cum & Forster com.	1.80	50	52
Federal	.60	30½	32
Fire Association	2.20	46	47
Fireman's Fund	1.80	58	59
Fireman's (N. J.)	1.00	30	31
General Reinsurance	1.60	44	46
Glens Falls	2.00	65	66
Globe & Republic	.80	15½	16½
Great American Fire	1.60	34½	35½
Hartford Fire	3.00	151	154
Hanover Fire	1.80	37½	38½
Home (N. Y.)	2.00	40½	41½
Ins. Co. of No. America	2.25*	88	90
Maryland Casualty	1.20	29½	30½
Mass. Bonding	1.50*	26	27
National Casualty	1.50*	30	Bid
National Fire	3.00	76	78
National Union	2.00	40	41
New Amsterdam Cas.	1.50	44	45½
New Hampshire	2.00	42	43
North River	1.40	31½	32½
Ohio Casualty	1.53*	69	72
Phoenix, Conn.	3.40	101½	103½
Prov. Wash.	1.50*	27	28
St. Paul F. & M.	1.00	40½	42
Security, Conn.	1.70*	37½	39
Springfield F. & M.	2.00	49½	51
Standard Accident	1.80	46½	48
Travelers	19.00	1005	1015
U. S. F. & G.	2.00	68	70
U. S. Fire	1.80	42	44

\*Includes extras.

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## Hints for Streamlining, Energizing Are Outlined in North America's 'Fieldman'

The personal property floater (PPF) has been unprofitable since 1950 and if concrete action is not taken, if serviceable ideas are not put into effect, this market may very well dry up, agents of North America were told in the March issue of their company's bulletin, *The Fieldman*.

"Action must be taken to bring a balance to the PPF writings," the article said, "and so make sales promotion possible and bring about a profit for producers and companies alike." Illustrative of this statement was the example used of a \$4,000 PPF policy written on a home whose inventory after a destructive fire showed a loss of \$18,000.

"Partial and inadequate coverage under PPF insurance is all too common," it was stated. Brought to readers' attention was a recent study by *American Home* magazine, made at the request of the company, which brought up to date the magazine's data on replacement costs of personal possessions and home furnishings.

The magazine declared that replacement costs today for the average family of four that aggregates a salary of \$6,000 a year amount to \$16,000, an increase of \$2,500, or 18% over costs determined in a similar study made in 1949. With respect to the above-average family, the *Fieldman* declared, there is really no "rule-of-thumb" method for the agent, but a decision can be arrived at through knowledge of his client's job, size of his family, his neighborhood, age of his children and length of time he has been married.

This rule is also helpful to the agent who services the average family, for, as the article points out, the policyholder who owned the \$4,000 policy on his \$18,000 possessions "was unaware that he was grossly underinsured," and his case "is, unfortunately, all too typical of the wide gap between insurable values and actual cash values that remains undiscovered until after a severe loss."

Some action must be taken to hold or expand premium volume for producers, it goes on, and toward achievement of this it recommends these steps

to be followed by the agent: Insist on full insurance to value; write only \$25 or \$50 deductible; drop the under-\$5,000 class; underwrite business carefully, and recommend the most economical PPF program of protection for the insured.

Related to the last point in this procedure is this observation in the article: "The good risk can get a bargain in protection if a \$50 deductible is written. To the insured the agent can say, 'Why should the careful policyholder pay for the carelessness of the few who cause the majority of small insurance claims that force up loss ratios? Why not self-insure the unimportant losses and save money? If you insure yourself for all losses under \$50, we allow you a credit ranging from \$60 to \$150, or, to put it this way, you pay \$50 to \$150 for that first \$50 of coverage.'"

## Public Shares Study of N. H. Auto Laws

The public viewpoint will be aired on proposed changes in the New Hampshire automobile liability insurance laws when plans are completed by the five-man committee now studying the laws.

The committee, which will be ready to have open meetings for public discussion beginning in June, has been studying the merit system, demerit system, compulsory and vehicle impoundment acts now in force in other states. They have also considered the present financial responsibility laws of the state.

## Doctor with \$400,000 Foot in Murder Attempt Charge

Dr. Hugh G. Hamilton, prominent Kansas City obstetrician, who is charged, according to an Associated Press article, with "trying to kill his wife by tricking her into taking cyanide in a capsule," received considerable mention insurance-wise in 1950 when he collected \$400,000 on a Lloyds personal injury policy.

This amount, said to be the largest indemnity ever paid a living policyholder at that time, was for the loss of Dr. Hugh's right foot, which had to be amputated because of a shotgun blast which occurred while he was carrying the gun down a stairway.

## NAUA Annual Is May 19

National Automobile Underwriters Assn. will hold its annual meeting in New York City May 19.

## Parks Heads Norfolk Assn.

Littleton W. Parks has been elected president of Norfolk Assn. of Insurance Agents. Other officers are William B. Dawley, vice-president, and John Cahill, Jr., secretary-treasurer.

## Barr Adjustment Moves

Barr Adjustment Co. has now moved into its own building in San Bernardino, Cal., at 825 D street. The new building gives twice the area formerly occupied by Barr Adjustment, which is 12 years old and has eight branch offices in California.

Harry C. Andrews, former assistant manager in Oakland, Calif., for Swett & Crawford, is now in the local agency business in that city operating under his own name.



## Sheldon to Give Principal Talk at Ad Conference

Walter M. Sheldon, immediate past president of Insurance Advertising Conference, will be principal speaker at the three-day annual meeting of the conference at Montauk Point, Long Island, N. Y., June 13-15.

Mr. Sheldon, who is also National Assn. of Insurance Agents representative and chairman of the board of judges for the conference's 1954 "Use of Advertising" contest, will preside June 14, the same day he is scheduled to give his luncheon address, at the annual awards banquet. He will be joined by Charles J. Unger, executive secretary of New Jersey Assn. of Insurance Agents.

In revamping its meeting procedure, the conference has allotted two half-day sessions to discussion of its 1954 theme, "The Future of Local Agency Production," and the final morning to a business meeting, at which amendments to the constitution and by-laws will be aired. The discussion of the theme will take the form of a seminar, sessions divided between the viewpoint of the local agent and assisting the local agent in expanding his business and satisfying his clients, through use of advertising.

The president's reception will be held the evening of the first day. President Irving D. Bothwell will present his annual report at the awards banquet.

## Mass. Labor Federation May Set Up Insurer

Representatives to the annual convention of Massachusetts Federation of Labor this summer will vote on a plan to set up an insurance company patterned after Ins. Co. of Texas, a union-owned organization. The Massachusetts company would sell chiefly automobile coverage, but would also handle small life policies, hospitalization, and dwelling fire.

Stock would be sold to union members as it was in Texas where the Texas Federation of Labor acquired two-thirds of the insurer's stock.

## House Amends D. C. Responsibility Bill

A new amendment attached to the auto financial responsibility bill in the District of Columbia provides that the amount of bond required would be no greater than actual damage inflicted in accidents. The bill has been passed by the Senate and approved by the House committee of District of Columbia.

## Virginia Mutual to Build

Virginia Mutual Ins. Co. early next month will begin construction of a \$204,000 home office building at Richmond, general purpose of which will be to consolidate the company's four offices in Richmond. The building will be two floors high with accommodation for future expansion to twice its present size. A total of 16,000 square feet of space will include general, private and directors offices, and a reception area and accounting division.

## Des Moines Agencies Merge

The Max L. Holmes agency and the May agency of Des Moines have been merged. The new firm is known as Holmes, Prouty, Murphy & May, with offices in the Hubbell building. Mr. Holmes has had his agency since 1932,

Mr. Prouty joining him in 1947. Mr. Murphy, a son of the former Iowa commissioner, has been with Mr. Holmes since 1948 and before that was with Fidelity & Casualty. The May agency has been in operation since 1935.

## Mich. Bill to Raise WC Goes to Conference Unit

A bill to increase workmen's compensation benefits by \$4 weekly has gone to a conference committee of the Michigan senate and house following disagreement between the chambers relative to the scope of the law's coverage. The house had added an amendment, substituting for a separate bill which had died in committee, providing the law apply to every employer of two or more persons, rather than four or more as in the existing statute. The senate refused to accept the change and the bill was forced into conference.

## American Re Names Wilson

American Reinsurance and its affiliate, American Reserve, have named James Wilson assistant secretary-treasurer.

## Casualty Mutual Has Record Year in '53

Casualty Mutual Ins. Co. of Chicago, which specializes in workmen's compensation and general liability insurance only, reports another record-breaking year for 1953, with premiums exceeding \$1 million, which is the second year the company has reached this mark. Assets increased 22.4% over 1952 and surplus is now \$258,256. Premium increase over 1952 was 20.48%.

In the past five years the company's assets have increased 185% and the average loss ratio for that period is 55.45. Casualty Mutual is reinsured for losses in excess of \$7,500 to a maximum of \$500,000.

## Named Vice-President

Walter C. Cook, South Bend, Ind., has been named vice-president of Emco Insurance Co., subsidiary of Associates Investment Co.

## To Hold Colo. Institute

Colorado Insurers Assn. will hold an insurance institute in Boulder June 17-

19 at the University of Colorado. It is the first such institute to be held in the state. Guest instructors are Eugene Toale, secretary of the education division of National Assn. of Insurance Agents, and Frank C. Colridge, manager of Board of Fire Underwriters of the Pacific. In addition to the instructors, there will also be guest speakers.

## Texas Gets M&C Reduction

An average statewide reduction of 14% in rates for M&C bodily injury liability, effective May 1, has been announced for Texas by National Bureau.

## McCloskey Retires at Albany

James R. McCloskey, for more than 30 years claims manager at Albany for Travelers, has retired after 44 years with the company. Roger Bagley, assistant secretary, and W. K. McDavid, examiner, both at the home office at Hartford, praised Mr. McCloskey at a banquet given in his honor.

Dale S. Redd, credit manager of B. R. Baker Co., Toledo, spoke before Toledo Assn. of Insurance Agents on "Credit Management and Procedure."

## "PEPPY FREDDY, the fieldman, says:

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## Mass. Comp. Writers Defend 60% Surcharges for Under-25 Drivers

Companies handling compulsory in Massachusetts have declared they will fight any attempt to drop extra premium charges for under-25 drivers. This move was indicated in the state legislature by Sen. Silvo O. Conte, chairman of the insurance committee, who announced he would support a bill calling for dropping the 60% surcharges on young drivers in 1956, when the new demerit system goes into effect.

The demerit system, companies con-

tend, will not make up for damage caused by young drivers, but surcharges as a means of forcing accident-prone youngsters off the highways, would do so.

## Hayes C. & F. Home Office Assistant V-P

Crum & Forster has appointed R. R. Hayes assistant vice-president at the home office. He joined the organization in 1932 and has been state agent at Minneapolis for the past nine years.

The Victor A. Johnson agency of Everett has been sold to A. G. Sorenson.

## New Agent's & Buyer's Guide Off Presses This Week; 7th Edition

Readers of the new 1954 *Agent's & Buyer's Guide*, the widely distributed yearbook prepared by the editors of The Fire, Casualty & Surety Bulletins of The National Underwriter Co., will be gratified with a new section devoted to the problem of writing surplus line or excess insurance. The book released this week, is in its seventh edition and has become essential equipment in insurance offices all over the country. The price is \$5.

There is no longer anything especial-

ly new about survey selling (except that it is now often described as "risk analysis"), but it is more true every year that this is the only economical and sound way to sell insurance. Thus, the fact that the *Agent's & Buyer's Guide* has prominently among its many features information organized in such a way as to guide the insurance man through his survey—from start to finish—has had much to do with the popularity of the book.

Though there is nothing new about selling by survey, the information required for this work is anything but static. This is one of the main reasons the *Agent's & Buyer's Guide* is a completely new compilation every year. The needed coverages—and their degree of urgency—are indicated in the Survey Coverage Classifier section. Through the Survey Analyzer section, the insurance man has a methodical aid for auditing contracts. For simple descriptions of insurance lines—needed to phrase the final report in language the client can understand—there is the Definitions of Coverages section.

A big and troublesome question comes up in almost every good survey. What is to be done about exposures for which an unusual coverage is needed? The answer to this question is available through the Markets for Unusual Coverages ("Who Writes What") section, with additional information in the Underwriting Groups section and the Directory of Insurance Offices Offering Service on Difficult or Unusual Lines. Also, unusual coverages often involve the special problem of placing insurance with unauthorized insurers. The new section summarizing surplus (or excess) line licensing laws state by state provides this needed information.

And, as every insurance man knows, the suggestion that a new coverage be purchased has real force only when accompanied by some actual examples of losses which it will cover. For this purpose, there are Illustrative Losses of 1953—detailed reports of 110 actual losses (nearly twice as many as appeared in the last edition) covering more than 30 insurable perils, 75 classes of victims (architects, truckers, contractors, professional men, manufacturers, homeowners, etc.).

The survey features of the *Agent's & Buyer's Guide* are not the only items, however. There is the Company Directory section, in which information not presently available elsewhere in one place—territory, lines written, membership in organizations, bureaus, pools and underwriting groups—is shown. The Directory of Insurance Buyers' Organizations gives current information about these groups, including names and addresses of secretaries or other officers.

And, finally—a feature which cannot be overlooked—the Definitions of Coverages section acts as a convenient refresher reference when details of a particular coverage are out of mind. This section also provides information for typists, stenographers and counter employees—always a problem with today's personnel turnover.

The National Underwriter Company home office is at 420 E. 4th St., Cincinnati 2, Ohio.

*Surety Underwriters' Assn. of New York City* saw a film, produced by Bethlehem Steel, of the building of the four-mile Chesapeake Bay bridge which was fully bonded by surety companies. The bridge connects the east and west shores of Maryland and was opened in 1952.

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Write qualifications to Personnel Manager, Mutual Boiler and Machinery Insurance Company, 60 Battery March St., Boston, Mass.

### OUT-OF-TOWN OPPORTUNITY

Seasoned Fire Examiner wanted by Branch Office of prominent Fire Insurance Group at Atlanta, Ga. Salary commensurate with ability and experience. Age to 45. Employee benefits. Working conditions and community life ideal. State age, experience, salary desired. Reply P.O. Box 6346, Station H, Atlanta, Georgia.

### GENERAL INSURANCE UNDERWRITER

For new Dayton, Ohio, agency. Prefer someone with engineering background. Excellent opening for an experienced engineer and underwriter. Between the ages of 30 and 40. The man we are looking for must have several years of diversified experience. He must have a pleasing personality and ability to deal with people. To such a man we offer a good starting salary and an interest in the company. All replies will be treated in strictest confidence. Address replies to Box Y-37, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### TRUCK UNDERWRITER

Capable of taking charge of branch office on underwriting long haul trucks, butane, and similar operations together with MCL and Comprehensive General Liability writings. Financially responsible organization with several branch offices. See our ad in the National Underwriter. Give full experience, company connections, family, age, etc., in first letter. Preference given to under age 45. This ad has a future. Reply to Homer D. Bray, Owner, Universal Insurance Underwriters, Box 1008, Albuquerque, New Mexico.

### COMPANY WANTED

General Insurance Agency in eastern Kentucky wants casualty company affiliation to service automobile and other casualty lines. Address Replies to Y-53, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Large progressive company desires automobile physical damage underwriter. Excellent future for right man. State age, experience, salary desired. Personnel Dept., P.O. Box 105, Peck Slip Sta., N.Y. 38, N.Y.

EXCEPTIONAL opportunity for assistant to crop hail manager of stock company doing large volume, principally south and southwest. Some travel. Position now open but could wait for right man until after present hail season. Salary commensurate with ability. Excellent fringe benefits. Our employer knows of this ad. Address Y-52, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

#### 3 Engineer-Inspectors

Opportunity for aggressive, experienced men, interested in becoming associated with a top-rated multiple-line Stock Agency Company with progressive policies, and many outstanding employee benefits. Openings in Nebraska, Michigan and Missouri. Write Box Y-34, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Home Office Junior Claims Executive. Must have Law Degree. Location—Ohio. Reply Box Y-36, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### AGENCY FOR SALE—SOUTHWEST

General Insurance and Real Estate agency, established 25 years, representing 5 large stock companies. Located South Central Arizona. Premium Income approx. \$58,000. Address Y-50, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY SPECIAL AGENT

Well known multiple line Hartford company with rapidly expanding casualty division has excellent opportunity in Denver territory with eventual branch status. If experienced and under 40 write in confidence to Y-46, The National Underwriter, 175 West Jackson Boulevard, Chicago 4, Illinois.

### WANTED

#### CASUALTY SPECIAL AGENT

By old responsible Casualty Company Young Man with some casualty underwriting experience in Midwest operating from Des Moines. Right man can make excellent future for himself. Address W-90, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### LOUISIANA OPPORTUNITY

Progressive Multiple Line Stock company desires Louisiana Field Man. In replying state age and experience.

Box Y-30, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED CASUALTY STATISTICIAN

Experienced in statistical or actuarial field by growing midwestern mutual company. Excellent opportunity for good man with 5 to 10 years experience. Write Y-43, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### BOND UNDERWRITER

Age 22 to 45. Surety & Fidelity Company experience required. Permanent and secure future. Vac., all employee benefits. Salary commensurate with ability and experience. Please phone Personnel Manager.

Aetna Insurance Group  
300 S. Northwest Highway  
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## Commercial Union Better's Kelley's Title

Commercial Union has advanced Deputy Assistant Manager T. B. Kelley to assistant U. S. manager.

Mr. Kelley will have supervision of fire and allied line operations in the western department formerly supervised by Deputy U. S. Manager O. C. Gleiser. Mr. Kelley recently has assisted Mr. Gleiser in this field.

Mr. Gleiser now will devote full time to integration of fire and casualty operations countrywide and will be directly associated with General U. S. Attorney H. W. Miller in this and other duties at the highest executive level.

## Sweeney Made Officer of Eureka and Monarch

Walter F. Sweeney has been elected assistant secretary of Eureka-Security F. & M. and Monarch Fire. He is assistant underwriting secretary of Pearl and supervises underwriting of the group's business in the middle department, southeast and certain mid-west states.

He joined Pearl in 1937 and later became chief underwriter for the middle department in Philadelphia. In 1948 he went to Washington, D. C. as manager. In January he transferred to the head office as assistant underwriting secretary of Pearl.

## Manhattan F. & M. Hits Peak in Assets, Surplus

Assets and policyholders' surplus of Manhattan F. & M. reached an all-time peak in 1953. Assets increased approximately \$90,000 to \$6,886,554 and policyholders' surplus gained more than \$50,000 to \$2,816,592.

Fire business seems headed into a difficult cycle, Walter Meiss, president, said, citing the reasons for the trend as unabated fire waste, fire rate reductions, growth of instalment payment plans and rise of operating costs.

Net premiums showed a small increase but the increase in premium reserves resulted in an underwriting loss of 1.7%.

## Blasts Cause \$1,800,000 Damages to Toronto Plant

Canada's largest steam operated generating plant, owned by Richard L. Hearn in Toronto, was rocked by explosions twice in five days with damages set at \$1,800,000. The first explosion, which shattered a 157-ton generator, caused more than \$1 million damages. It was caused by a hydrogen leak in the generator cooling system. No cause has been named for the second explosion.

## Terminal Maternity Issue Is Being Passed to NAIC

LANSING—The group meeting here last week to try to iron out problems in connection with terminal maternity benefits under group A&H coverages came to no agreement as to how to unravel the snarls in the so-called Michigan program, but decided to try to get a commitment on procedure from NAIC at its meeting in Detroit next June.

Under the Michigan plan, insurers taking over a group hospitalization contract do not assume existing maternity cases, but only those in which conception takes place after the group is transferred. The ceding company is expected to pay benefits on existing cases.

The Blue Cross has called the Michigan agreement "unworkable," pointing out that under its provision for

service rather than cash indemnity, the Blue Cross member has a card which, if it has expired, produces complaints and complications in transfer cases.

Private companies and representatives of Bureau of A&H Underwriters and H&A Underwriters Conference expressed their satisfaction with the agreement, but Commissioner Navarre of Michigan said he would like to see a uniform plan for all states because of the interstate character of some group cases.

Among those on hand were Director Barrett of Illinois and Commissioner Wells of Indiana. Indiana has just approved the equivalent of the Michigan agreement. There were some Blue Cross people on hand from Wisconsin, Indiana and Ohio.

## Big Hail Loss at Omaha

Council Bluffs, Ia., and Omaha were hit by a hail-storm the afternoon of April 5 and an overall estimate at this time indicates there may be between 10,000 and 15,000 losses averaging \$150.

National Board has designated the storm as catastrophe No. 48.

## Judge Continues Ban on Cal. WC Plans

Superior Court Judge William J. Sweigert, in San Francisco, has continued the temporary injunction granted California companies, writing workmen's compensation insurance, enjoining Insurance Commissioner Maloney from enforcing his ruling respecting the retrospective rating and schedule D plans for compensation insurance.

The injunction is to continue in force until final resolution of the appeal in the case now before the District Court of Appeal. Counsel for the companies and the department, in view of the continuation, have agreed to expedite the appeal hearing.

It is understood that Judge Sweigert will not hand down his final finding of fact, conclusions of law and decision until all appeals are adjudicated.

## New Office for McDonald

Philip W. McDonald, operating as Philip W. McDonald & Co., Chicago independent adjusting firm, held a for-

mal opening of his new offices in A-1616 Insurance Exchange. Mr. McDonald is celebrating his 35th insurance anniversary. He started with L. & L. & G. at Chicago and in 1939 opened his own adjusting office there. His son, Philip W. McDonald, Jr., joined the firm in 1950.

Mr. McDonald was with the Illinois department as a deputy commissioner in 1948.

## Minn. Hearing Monday on Fire Renewal Plan

ST. PAUL—A hearing that is expected to draw many insurance men will be conducted by Commissioner Cyril Sheehan April 12. It involves the legality of filings under the fire annual extension (renewal) plan, often referred to as the perpetual policy. At least two companies, the Premier of Rochester, Minn., and the Farmers Mutual of Madison, Wis., have made filings under this plan. Agents, generally, are reported to be opposed to the plan and they will be represented at the hearing.

Ohio Security has moved its offices to 560 Main street in Hamilton, Ohio.

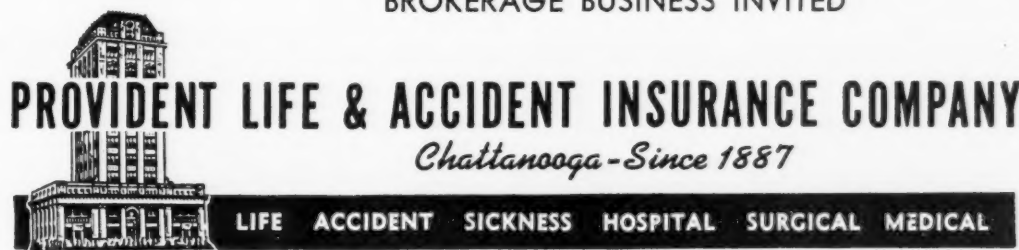
## Why more and more producers are asking Provident to fill their A&H needs

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## VERNON CASUALTY INSURANCE COMPANY

### FINANCIAL STATEMENT

DECEMBER 31, 1953

An Indiana Stock Company writing in Indiana and Illinois

#### ASSETS:

U. S. Treasury Bonds*	\$ 870,852.60
State and Municipal Bonds*	51,506.01
Corporate Bonds and Stocks*	326,389.89
Cash in Banks and Office	42,496.18
Net Premiums in Course of Collection	216,209.48
Reinsurance Deposits	790.37
Accrued Interest and Dividends	6,814.50
<b>Total Assets</b>	<b>\$1,515,059.03</b>

#### LIABILITIES:

Reserve for Losses and Loss Expense	\$ 499,411.15
Reserve for Unearned Premiums	496,351.27
Reserve for Reinsurance	108,226.23
Reserve for Taxes and other Liabilities	25,658.19
Statutory Reserves	368.34
<b>Total Liabilities</b>	<b>\$1,130,015.18</b>

Capital Stock (par value)	\$280,216.76
Surplus	104,827.09

Surplus to Policyholders	\$ 385,043.85
<b>Total Liabilities and Net Worth</b>	<b>\$1,515,059.03</b>

\* Bonds at amortized basis and stocks computed on basis fixed by National Association of Insurance Commissioners.

U. S. Treasury Bonds in face amount of \$305,000 are on deposit with State Insurance Departments.

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## FIELD

### Aetna Western Department Makes Several Changes

Aetna group has made several changes in its western department. Special Agent Virgil Day of Cleveland has been transferred to the Iowa field with headquarters at Des Moines. Replacing him is M. J. Grob, Toledo special agent. C. L. Johnson, special agent of the Columbus office, goes to Toledo where he will be with State Agent Westerfield. Special Agent W. E. MacDonald will continue to headquarter at Columbus, but will now handle all lines in the territory formerly served by Mr. Johnson. Being added to the Columbus farm staff is Special Agent J. O. Greenawalt, who was a farm special agent in another state. Special Agent Kenneth H. Evans, who since 1950 has traveled Indiana and Iowa, goes to North Platte, Neb., where he will be with William J. Cato, state agent.

### Denman Joins Scottish Union in Ga.-Ala. Field

John L. Denman has been named by Scottish Union as special agent in the Georgia-Alabama territory. A graduate of Alabama Polytechnic Institute, Mr. Denman was in the marines for five years during the war, and since then has been in the Alabama field for America Fore. New headquarters will be at Atlanta.

### Miami Valley Puddle Elects

CINCINNATI—R. T. Galvin, state agent of St. Paul F. & M., was elected big toad at the annual meeting of the Miami Valley puddle of Ohio Blue Goose. Other officers are G. E. Wohlge-muth, THE NATIONAL UNDERWRITER, polliwog; B. B. Patterson, Royal-Liverpool, croaker, and C. M. Hall, National of Hartford, bouncer.

The puddle has changed its regular luncheon meeting to Wednesday of each week instead of Friday at Hotel Sinton.

H. E. Adamson, Jr., Western Adjust-ment, retiring big toad, reported progress in the affairs of the puddle. Mr. Galvin will shortly announce the committee personnel for this Pond's annual fall outing in Cincinnati next September.

### Martin Visits San Diego

San Diego Blue Goose puddle, which on July 1 will become a pond, at its March 25 meeting entertained John Henry Martin, most loyal grand gander. The meeting followed the San Diego Insurance Day program. Mr. Martin gave a description of his visits with the ponds during the year, including a trip to Hawaii.

### Springfield Names Harris

Springfield F. & M. has appointed Charles R. Harris special agent at Atlanta in charge of engineering service. He will provide valuation estimates and rating service to agents in Georgia, Alabama, Florida and South Carolina. He was a year in the engineering department of Southeastern Underwriters Assn. and then four years in the fire protection engineering work.

### Albany Field Club Meets

Albany Field Club at the March meeting discussed a plan to combine the talks to be given by field men to agents on the new earnings form and

on catastrophe losses and their adjustment. There was a report by Ned Brinley of Hartford Fire on the multiple residence law, and Matthew Knapp of Royal-Liverpool reviewed the work of Underwriters Assn. of New York State.

### Great American Has Two Field Changes on the Coast

Charles R. Luke has been named special agent at Oakland for Great American. He has been with the company for several years.

Mr. Luke will assist Owen W. Parker, who has recently been named manager at Oakland to replace Everett M. Northrup, who has been granted a leave of absence prior to his retirement May 1. Mr. Northrup has been with Great American for 13 years. Mr. Parker will have charge of the north coast and east bay territories.

### Name Viles in Ala. Field

Nelson E. Viles has been named special agent in Alabama for Security of Connecticut with headquarters at Montgomery. He was an engineer with Missouri Fire Rating Bureau for 10 years and recently has been a local agent in Kansas City.

### Hear Livonia Fire Report

A review of factors surrounding the fire at the Livonia plant of General Motors was given at the March meeting of Cook County Field underwriters Assn. by E. J. Sestak, chief engineer of Factory Insurance Assn. Comments also were made by W. L. Sundstrom, manager of FIA.

### Raise Vicksburg Adjustment

Mississippi Fieldmen's Association meeting at Jackson adopted a resolution commending General Adjustment Bureau for its efficient, prompt and thorough handling of losses in the Vicksburg tornado of Dec. 5, 1953. The group went on to express appreciation for the fine public relations these adjustments established for the stock fire business.

### Evans Shifted to Nebraska

Special Agent Kenneth H. Evans has been transferred by Aetna group from Iowa to North Platte, Neb., where he will be associated with State Agent William J. Cato, whose office services western Nebraska and Wyoming. Mr. Evans entered the business in 1947 with Iowa inspection bureau and before joining Aetna in 1951 traveled Indiana as special agent and engineer.

### Kirby to Kan.-Mo. Field

Basil Kirby has joined Indiana Lumbermens Mutual as special agent in Kansas and Missouri outside of St. Louis county. He has been 18 years in the business, for the past 2½ as a local agent at Amarillo, Tex. His headquarters will be at Kansas City.

### Patterson Named in Mo.

Donald D. Patterson has been appointed special agent, working under the supervision of State Agent Ray C. Snodgrass in Missouri for Crum & Forster. His headquarters will be at Kansas City.

### Watts Is Texas Agent

John B. Watts, Jr., has been named state agent for Texas by North British group, with offices at Dallas. He began in insurance in 1947 and was in a general agency for five years.



## Home, Contents, Subject of Eastern Agents Meet

(CONTINUED FROM PAGE 13)

loss report for testing in their offices. When adopted in final form, this would replace the outmoded three sectional report now in use. The new loss report is patterned after the catastrophe loss notice which has been used with great success.

It appears impossible to get complete agreement on any attempt to solve the problem of TV antennas, Mr. Munz said. Companies will ask to have TV excluded from the fire policy except as a specific item for which an adequate rate will be charged. Undoubtedly mandatory \$50 deductible wind cover under EC would solve the problem, but there is serious opposition to this. Most agents seem to feel that full cover should be available at a price, even though that price would be high enough to discourage it. A real solution must be found, he said.

A new and improved criticism note is ready for use and will soon be distributed. An informative booklet has been prepared and will accompany the new criticism forms except in New Hampshire where the policy has not been adopted and in New Jersey where the rating organization has decided not to use the booklet.

It has now been recommended that EC, including vandalism and malicious mischief, be included with fire legal liability insurance.

## Brummel Agency, Chicago, Fetes Two 50-Year Employees

Joseph J. Brummel, head of the Brummel Bros. agency at Chicago, was host at a cocktail and dinner party held in the Chicago Yacht Club commemorating the 50th anniversary of two of the firm's key employees, Edward Herda, special agent, and Henry J. Kuehne, for many years in management work.

Mr. Brummel presented each with a \$1,000 savings bond and a watch. They also received pen and pencil sets from fellow employees.

Brummel Bros. was established in 1902 and is a general agency and Cook county manager for 11 leading insurance companies.

## Foreign Field Offers Wide Opportunities for Agents

Business possibilities in the foreign insurance field are almost everywhere, except behind the Iron Curtain, from the bootstrap operations in Puerto Rico to huge enterprises in Iran, Kenneth J. Brown, vice-president of American International Underwriters, told Southern Agents Conference at Biloxi, Miss.

More than 40 American companies are writing fire, casualty, marine and inland marine in nearly every country in the world. They operate through underwriting groups administered and controlled by experts.

An agent needn't be an expert in foreign business to write in the foreign field. The majority of American companies in the general foreign field operate through two underwriting groups, American Foreign Insurance Assn. and AIU. These groups are represented in principal cities throughout the world and are qualified according to the laws of the countries.

Policies differ according to the countries but generally lean towards American types. In Europe the general foreign field is a law in itself. In France, American companies must contend with the Napoleonic Code which emphasizes the legal liabilities of property owners, landlords, tenants or neighbors. Many traditions and customs in the countries have influences on the policies.

The American agent can broaden his opportunities to write in the foreign field by watching the small contractor he now insures. Many special contractors and subcontractors are bidding in foreign jobs and the alert agent realizes they are live prospects for American policies for fire, ocean marine, inland marine, automobile, WC, fidelity, or surety. Tourist travel is another open field for the agent who will find prospects for auto, personal accident, personal property floaters and personal liability, Mr. Brown said. This business is valuable as a commission producer and is a step toward additional domestic accounts.

## Beck Rejoins N. C. Bureau

Raymond S. Beck has rejoined North Carolina Fire Insurance Rating bureau to take charge of training special agents for a general re-rating of risks. He had been with the bureau from 1946 to 1953.

## Mutual Agents Meet Nov. 9-10

Mutual Insurance Agents Assn. of New England will have its annual convention Nov. 9-10 in Boston.

## Allied Lines Assn. Elects D. W. Florence

At its annual meeting Allied Lines Assn. reelected D. W. Florence, assistant U. S. manager of Commercial Union group, president. W. E. Smith, secretary of Phoenix, Conn. was re-named vice-president, and D. G. Stone, secretary of Aetna Casualty, treasurer. C. M. Close, vice-president of Great American, was elected secretary.

E. V. Goodwin of Security of Conn., Leonard Peterson of Home, F. P. Walther of America Fore and Robert Wareing of Travelers Fire, were elected to the executive committee.

H. W. Ploucquet continues as manager.

## Harleysville Opens D. C. Office

Harleysville Mutual Casualty has opened a claims office in Washington, D. C. David L. Kennedy, promoted to district claims manager, will supervise its operations. He joined Harleysville Mutual in 1951 as a claims investigator trainee, and served as an investigator and adjuster.

## Goebel Warns Ky. Agents to Pay Company Accounts

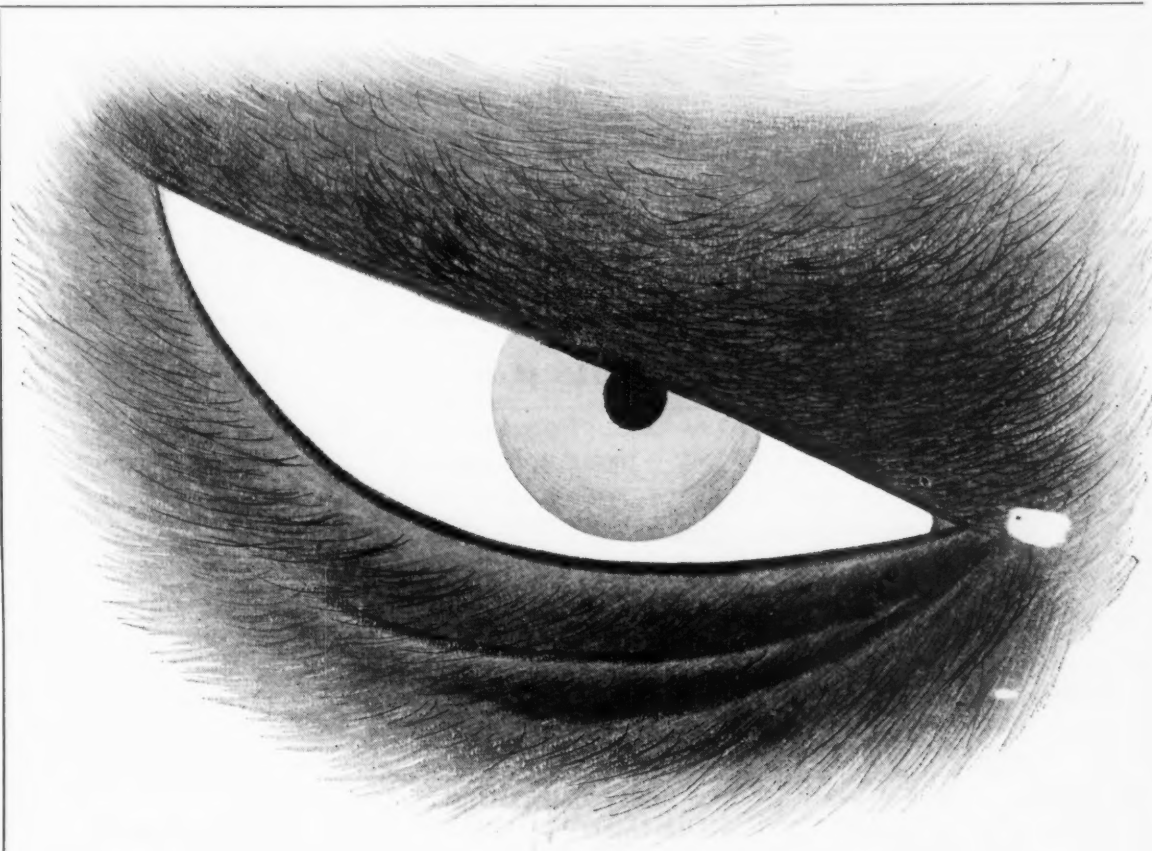
Commissioner Goebel has warned all insurance agents in Kentucky that failure to pay their company accounts could result in suspension or revocation of their licenses. Goebel noted there had been an increase in the number of delinquent accounts reported the past few months, and said companies could do a lot to minimize this condition by taking more positive action in collections. He said companies had been too lenient with their agents for competitive purposes.

## Region 2 Elects Ruby Hutchens

Miss Ruby Hutchens of High Point, N. C. was elected director of region 2 of National Assn. of Insurance Women at the annual conference in High Point. She succeeds Miss Mabel Shaw of Baltimore.

Baltimore was selected as the site for next year's convention.

Delegates attended the meeting from Virginia, West Virginia, Tennessee, Maryland, D. C. and North Carolina.



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## Northern Assurance Appoints Stocker, Davis, Wishard

Northern Assurance has appointed Howard C. Stocker deputy U. S. manager and R. B. Davis and A. H. Wishard assistant U. S. managers. These appointments were made at the company's Chicago conference, attended by General Manager T. W. Haynes of London, Eng., and U. S. Manager Earl D. Patton.

Mr. Stocker, with Northern more than 33 years, entered the business with Great American and helped organize its automobile and inland marine departments. He later joined North British, becoming head of the automobile department for all states except the Pacific coast, and in 1921 went with Northern Assurance as superintendent of its automobile and inland marine departments. In 1935 he was appointed secretary and in 1950 was named assistant U. S. manager.

He is a past president and charter member of Automobile Underwriters Club and was instrumental in the organization of National Automobile Underwriters Assn. and Inland Marine Insurance Bureau.

Mr. Davis began in insurance in 1904 with a local agency and in 1917 went with the Albert G. Hancock agency at Baltimore, remaining there until 1927,

when he joined National Union at Pittsburgh as agency superintendent for Southeastern Underwriters Assn. territory. He went with Northern Assurance in 1928 as special agent for Virginia and North Carolina and in 1944 became assistant secretary at New York City. He was named secretary of the southern and eastern department two years later. For the past two years he has been acting chairman of Virginia Insurance Rating Bureau.

Mr. Wishard joined the company at Chicago in 1938, following service with America Fore in its western department and as Cook county-Chicago special agent. He was appointed Indiana state agent in 1941, became assistant secretary at New York in 1946, and later that same year secretary of the western department. He is a past president of Cook County Field club.

## Ark. High Court Gives Blessing to FR Law

Arkansas supreme court has upheld the constitutionality of the state's security type financial responsibility law. Two drivers had contested it, contending it was unconstitutional because they were deprived of "an inherent and inalienable right without due process of law." They had been in accidents involving more than \$100 and refused to post cash security. The supreme court said driving is a privilege, not a right, and is subject to regulation by the state.

## Reinsurance Bill Opposed by AMA as Socialistic Move

WASHINGTON—The American Medical Assn. went on record in its testimony before the Wolverton committee this week as opposing the administration's health reinsurance bill, calling it a possible opening wedge for socialized medicine.

Dr. David B. Allman, chairman of the AMA legislative committee, declared that the plan would not fulfill its purpose and "may, in fact, inhibit the satisfactory progress which is now being made by voluntary health insurance companies."

Dr. Allman cited the "enviable record" of voluntary insurers and mentioned specifically their entry into major medical. As for the indigent, he said the AMA believes that if medical care problems cannot be solved by individuals or their families the responsibility should be assumed by the local and state government. He also contended the bill would give too much power to the Secretary of Health, Education and Welfare.

Chairman Wolverton asserted that health insurance at present "does not cover the situation" but that he had not given up hope that the AMA could sit down with the insurance and social

groups and reach a practical solution to the problems involved in the bill. He took a crack at policies that don't live up to expectations when needed and said "there must be protection against wild and extravagant claims."

Wolverton offered a list of 10 questions for the AMA to consider "with mature thought." One question was, "Should policies which are cancellable at the discretion of the carrier be re-insurable?"

## London Assurance, U. S., Shows Gain

Assets of U. S. branch of London Assurance reached a new high in 1953 to total \$22,341,894, increase \$437,196. Net premiums amounted to \$9,386,145. Earned premiums increased \$126,379 to \$9,175,244.

An underwriting gain of \$174,940 was produced despite an increase in premium reserve of \$210,900. The ratio of incurred losses and loss adjustment expenses to earned premiums was 55.53% and expenses incurred were 41.65% of premiums written. Premium reserve amounted to \$8,869,406.

Policyholders' surplus reached a new high of \$9,458,639.

Fire Safety Assn. of Pennsylvania, composed of field men, will inspect Doylestown April 27

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# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### American Market is Meeting Challenge Presented by Tidelands Oil Development

J. K. Sadler, manager of the southern department of Marine Office of America, writes:

We are afraid that the article appearing in your March 4 issue, "Tidelands Oil—A Challenge in Specialized Insurance", suggests that the great American insurance market has not quite kept abreast of developments in this new trade.

From the beginning of tidelands operations, when the first offshore drilling platform, the Creole Project, was put into operation April 15, 1938, we have been offering agents facilities for insurance on platforms, pipelines and all types of vessels employed in the service.

We do not now and never have considered the tidelands insurance the problem baby of the insurance business. We have reasons to believe that many other American insurance companies feel the same way, and that there is a substantial American market competing with London Lloyds for the business. We are soliciting this business—not using it as a trading medium for other business.

We think that you do the insurance market a grave injustice when you indicate that, because of indecision and groping in tidelands insurance, some of the majors in the oil industry don't want to be bothered with insurance and therefore self insure. Through this office, as part of the American insurance market, clear, concise policies are available at fair rates, on any type of risk connected with tidelands drilling offered for insurance. We would suggest that the market is not nearly so limited as indicated in your article. Actually, many of the major oil companies engaged in offshore drilling have a self insurance program, and do not buy insurance on their platforms, vessels and maritime liability because of the company policy and not the lack of a good American insurance market.

As marine and inland marine insurance underwriters, we have always been a market for hull and P&I insurance on all types of vessels, cargoes and special maritime liabilities and builders' risks as well as annual on platforms, pipelines, etc.

A tidelands oil well driller must operate under the "Outer Continental Shelf Lands Act" (public law 212). This new law confronts a water driller with many uncertainties and complications in connection with his liability to workmen employed in drilling on water locations and servicing such operations. For instance, section 4 (a) (2) provides that the laws of the states bordering the continental shelf are adopted as the laws of the U.S. for that portion of the continental shelf adjoining each state. This would make ap-

plicable the workmen's compensation law of the several states to the drilling structure, if it were not for the fact that section 4 (c) states that compensation shall be paid under the provisions of the longshoremen's & harbor workers' act for any person—not a master or member of a crew of any vessel or one who falls within the several other exemptions set forth in section 4 (c) (1), (2) and (3).

It is not stated that the longshoremen's & harbor workers' act is the exclusive remedy for employees covered thereby, and therefore there is nothing to prevent a litigant from bringing suit under the provisions of state law. It is unsettled whether such suit could be for negligence or under the provisions of the state WC act. The status of employees aboard a floating drilling rig is not clearly defined and the question may arise as to whether or not they are crew members of a vessel and subject to maritime law, the Jones act, rather than the provisions of the statute applying the longshoremen's & harbor workers' act.

Under the circumstances, it would appear that many lawsuits will be required to clearly establish the liability of tidelands drillers, and, with the view of avoiding gaps, overlapping covers, and disputes between different underwriters carrying various parts of tideland risks and liabilities for an individual operator, we expanded our facilities to provide all necessary covers in our own office.

You will understand that any one of our companies' agents has available to him the complete facilities of our office for tidelands oil operations, i.e.: (a) vessel hulls, (b) vessel liabilities, P&I, (c) cargo, (d) physical loss in respect to platforms, derricks, pipelines, fixed properties, etc., and (e) casualty risks (compensation, public

liability, bodily injury and property damage).

The American market has met the challenge, and is prepared to deliver the specialized insurance through the American local agency system.

### 50-Year Letter Gets to Insured 3 Years Late

Eureka-Security F&M. wrote a letter of congratulations to Chris M. Smith of Muskegon, Mich. on his 50th anniversary as a fire policyholder three years ago. He received the letter last month.

Mr. Smith, former Muskegon fire chief, was somewhat mystified March 10 when he received a letter dated Aug. 7, 1950 from the Eureka. The letter noted that he had a policy, written and renewed through the Conklin agency of Muskegon, since 1900, and expressed the pleasure of D. J. Cowie, president, in that fact.

Only explanation Mr. Cowie could offer was that the letter had been lost in the mails.

"We pay our losses much more promptly," he commented.

### Agricultural Standards Bring Selling Problem

Sales problems and ideas were discussed at the spring meeting of Farm Bureau Mutual at Concord, N. H.

"One problem today," Shelby O. Walker, Concord local agent, said, "with rapidly mounting rates being charged by old line companies, is refusing coverage to people who do not meet the agricultural standards of the company. Low rates for farmers, however, still depend on keeping the protection to farmers."

Frederick N. Clarke, New Hampshire motor vehicle commissioner, spoke on the low accident rate of the state and praised public cooperation for safe driving.

Wallace E. Jeffrey, assistant vice-president of Marsh & McLennan in New York City, has been elected a director of New York Credit & Financial Management Assn.

### Newspaper Deplores Careless Verdicts

The Syracuse (N. Y.) Post-Standard comments editorially:

There is something fascinating about spending someone else's money. A man who will scream bloody murder at spending a dollar of his own will give away the government's, or the insurance company's, with almost hilarious abandon.

The only fly in the ointment is that in this day and age, it is almost impossible to give away anybody else's money without having the birds come home to roost.

When anyone feels he is simply giving away the government's money—and the government has lots of it—he really is actually spending money which he and all the other taxpayers will have to make up in the form of taxes.

The same is entirely true when, as a member of a jury, he soaks the insurance company on the principle that the insurance company has lots of money, and the plaintiff doesn't. These verdicts inevitably come back in higher insurance rates.

Government taxes and insurance company rates are as inflexible as the law of gravity. In gravity whatever goes up must come down. Taxes and insurance money spent must be replenished from somewhere. The taxpayer is the replenisher in every case.

This is something to think about whenever we are tempted "to spend somebody else's money." In the long run, it always catches up personally with the spender.

### Too Close to Home

Dale Maggard has missed only one word in all his spelling tests this year at Mark Twain School, Sedalia, Mo. The word? Insurance. His father, C. F. Maggard, head of the Charles Maggard agency sells it.



Sitting on a panel considering "How Can the Insuring Public Be Better Served Through Closer Cooperation and Understanding Between the Companies and Agents?" at New Jersey Assn. of Insurance Agents mid-year meeting at Asbury Park are, from left, Rexford Crewe, production department manager of Hartford Accident; Roy H. MacBean, Cranford, N. J., agent; H. Earl Munz, moderator; Arthur L. Zimmerman, Newark agent, and Albert C. Knox, vice-president of Phoenix of Hartford.

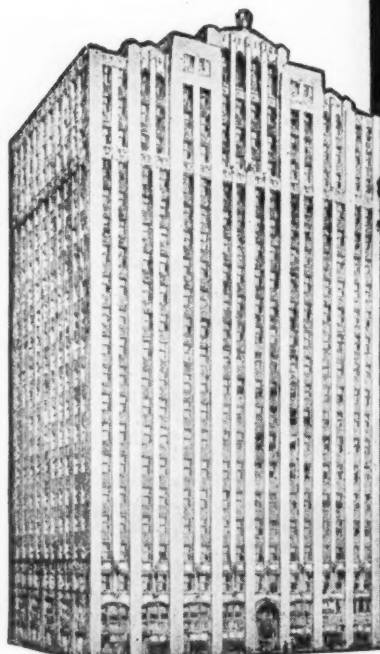
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## ACCIDENT AND HEALTH

### A&H Underwriters Assn., Detroit, Names Barrett

Detroit Assn. of A&H Underwriters has elected Robert J. Barrett, Monarch Life general agent, president. The other officers are: 1st vice-president Raymond Stephens who heads the A&H division of Michigan Life; 2nd vice-president, Leonard Mander, superintendent of Detroit agencies for General American Life, former secretary-treasurer of the association, and secretary-treasurer, J. W. Paull.

### Ohio A&H Men Line Up Sales Congress Speakers

Ohio Assn. of A&H Underwriters has scheduled its annual sales congress and business meeting for May 14 at Columbus. Among the speakers already lined up are A. R. Jacqua of Southern Methodist university; Jack Wardlaw, Northwestern Mutual Life, Raleigh, N. C., and R. L. McMillon, Business Men's Assurance, Abilene. R. W. Bickelhaupt, Cincinnati, is association president.

### Claiborne Dallas A&H Underwriters Assn. Head

Jack G. Claiborne of Employers Casualty has been named 1954-55 president of Dallas Assn. of A&H Underwriters. R. L. McMillon, president of the Abilene (Tex.) Assn. of Life Underwriters and director of the Texas association, was the speaker.

Other new officers elected at the March meeting are: Clarence C. Martin, Great American Reserve, vice-president; A. L. Ragle, Guardian Life, 2nd vice-president; Elmo Lee, Commercial Travelers, reelected secretary-treasurer, and Claude Cox, American Investors Life, publicity director. New directors are: William H. Lovelace, Employers Casualty; Gerald Gustafson, Occidental Life of California; and Densel Dean, American Hospital & Life.

### Texas A&H Underwriters Elect McDonald President

C. E. McDonald, International Fidelity Life, Dallas, was elected president of Texas Assn. of A&H Underwriters at a meeting in Austin.

R. L. McMillon, Business Men's Assurance, Abilene, is 1st vice-president; John Delaney, American General Life, Houston, 2nd vice-president, and Leslie A. Ginn, Business Men's Assurance, Austin, secretary.

### Elect at Los Angeles

Kenneth Stoakes, Loyal Protective Life, was elected president of Los Angeles A&H Underwriters Assn. last week. First vice-president is Harry Anderson, Occidental Life; 2nd vice-president Jack Kosick, Washington National; secretary-treasurer, Richard Detwiler, National Casualty.

Clyde Burgardt, assistant secretary and manager of claims for Occidental, talked on "Confessions of a Claim Adjuster," outlining the job of an adjuster.

### Empire L&A. Promotions

Empire Life & Accident of Indianapolis has made the following promotions: Robert B. Rhode, from assistant treasurer to vice-president and administrative officer; Fred S. Smith, from auditor to controller; James W. Hurt, from assistant secretary to vice-president in charge of claims; Ben W. Ru-

bush, to assistant vice-president in charge of the ordinary department; M. R. Hinckley, to assistant secretary; J. Louis Smith, to assistant treasurer, and Chester L. Blanchard, to assistant controller.

### Temple to Aetna Fire Group's A&H Unit

Lloyd L. Temple has been named assistant manager of the A&H department of Aetna Fire group. He will be associated with Secretary Leland M. Willson.

Mr. Temple has had extensive experience in underwriting. Before joining Aetna Fire group he was with Aetna Life, first as supervisor of A&H underwriting and then in the advertising department where he was editor of the casualty *Aetna-izer*.

### VA-Company Conflict Still Somewhat Alive

Scattered cases still are cropping up involving governmental attempts to collect on a veteran's A&H policy when he is treated in a veterans administration hospital. According to Life Insurance Assn. of America, legislation has been proposed and abandoned in this matter and the cases that now are appearing do not portend any lasting trend.

In a case in Denver, the government has filed a test suit against Fidelity Life & Disability to determine whether an A&H policy owned by Edgar O. Eastman covers treatment for a non-service-connected disability in Fitzsimmons Army hospital. The U. S. was turned down in trying to collect from the company \$240 of the total hospital bill of \$3,440.

Fidelity L&D maintains that the VA furnished treatment without anticipation of payment and that it (the company) cannot be billed because Eastman owes no obligation to the hospital.

### Employees of Gulf Ins. Co. Have Deductible A&H Cover

A select number of employees of Gulf Ins. Co. of Dallas have been covered under a \$50 deductible group A&H policy issued by Occidental of California.

The plan calls for a maximum benefit of \$5,000 for each insured employee or dependent, with the first \$50 of medical expenses paid by the employee. So far only a small group of Gulf employees are under the plan, which is in its trial stage, and may be expanded to others in the near future. Meanwhile, other Gulf workers are covered by a conventional group plan.

### F. D. Sperry Is Promoted

Fred D. Sperry has been named superintendent of the A&H division on the Pacific coast for National of Hartford group. He has been with the company since March 1.

### Hike Blue Cross Rate

Commissioner Gold has approved a 17% rate increase and a revision of hospital-medical care contracts for Hospital Savings Assn., Inc., Chapel Hill, N. C. The rates and contracts are effective April 15. Most of the revisions afford additional benefits, but there is some reduction in the room allowance.

New Woodmen Accident directors are S. Burnham Yates, president of First National Bank of Lincoln, Neb., and Thomas H. Wake, president of Jones National Bank of Seward, Neb.



## Fla. Anti-Coercion Law Betters Position of Mortgagor, Not Agent, Larson Warns

A thorough review of the section in the Florida agents' qualification law prohibiting coercion in the placing of insurance on mortgaged property was presented to National Assn. of Mutual Insurance Agents at its midyear meeting in Miami Beach by Commissioner Larson.

By substance, the section provides that no person engaged in selling or financing the purchase of real or personal property shall, as a condition to the transaction, require that insurance be placed with any particular company, agent, solicitor, broker; and provides that lending agencies may designate reasonable financial requirements as to company, terms and provisions of the policy and adequacy of cover as well as the right to voluntarily solicit the placing of such insurance.

Mr. Larson warned agents that while the section condemns coercion in the placing of insurance on mortgaged property, which improves the bargaining position of the mortgagor, this section of the law shall not be construed as placing agents in any stronger position than they previously occupied. In no sense should the law be regarded as a weapon that may be used to coerce representatives of lending institutions, he said. It should always be remembered that collateral pledged to secure loans creates in the mortgagee property rights, and the same general principles of law that protect the rights of the mortgagor also protect the rights of the mortgagee.

The extension of credit is an integral part of the economy, he added. In regulating it, it should be kept in mind that the borrower has his rights, but so does the lender, and in weighing the equities between them the scale beam should rest exactly horizontal if the mortgage agreement is executed in accordance with law. He advised agents to pursue a course of action that expresses a live and let live attitude. If they do this, relations between borrowers and lenders and between mortgage bankers and insurance agents will improve. To do otherwise will necessitate more and more government regulation and interference with business operations.

He presented the proposed rules that his department has worked out and which it currently has under advisement. Some further revision and refinements are contemplated which will be discussed in the near future at public hearings. Thus the rules are not yet final. However the rules proposed are, in substance:

The lender shall within a reasonable time prior to the time the loan is consummated inform the borrower of his rights as to placing of insurance, and do so in a clear and concise statement, in writing. A copy of the statement is to be signed by the borrower and retained by the lender. This statement is not a part of the mortgage contract.

The lender has the right to select the type of insurer, mutual, stock or reciprocal, whose policies will be acceptable to it. The lender may also prescribe reasonable requirements regarding the financial structure and stability of the insurer, including reinsurance agreements. In prescribing

these requirements, adequacy of coverage may be taken into consideration.

The lender shall extend to the borrower a reasonable choice of agencies acceptable to the lender. A reasonable choice is a minimum of five agencies, if that many exist, for each 50,000 population or fraction thereof within the county where the lender is located having a population of less than 200,000, according to the latest federal census. In counties where the population exceeds 200,000, the number of agencies available to the borrower shall be at least 25. If none of the agencies submitted by the borrower is acceptable to the lender, the lender shall submit an equal number of agencies to the borrower for consideration. The lender has the right to refuse policies written by agents not located within the trade area normally served by the lender.

If an agency submitted by the borrower is acceptable to the lender, the borrower must have available prior to the day of the closing of the loan and at a time specified by the lender the policy and coverage agreed upon.

If insured's policy is cancelled by insurer, the borrower must have a new policy acceptable to the lender in its hands the day before the expiration date stated in notice of cancellation.

If the mortgage is transferred by the original mortgagee to another institution or party during the term of the insurance contract, insurance shall not be cancelled except by mutual agreement of borrower and lender, upon full notice to the borrower of his rights and powers and of any expense or charge which he will experience as a result of such transfer of insurance during such term.

Complaints of coercion filed with the insurance commissioner must be in the form of a sworn statement signed by either lender or borrower. This rule does not preclude the department from accepting a sworn statement signed by an agent that he has knowledge of violation of these rules and regulations or the anti-coercion law.

Requirements adopted by the lender pursuant to these rules shall be filed with the insurance commissioner and the requirements shall be made available to the borrower, insurers and agents. The commissioner shall treat such requirements, when filed, as public records, making them available to interested parties upon request. Any lender adopting a requirement for delivery of renewal policies more than 30 days prior to expiration date shall file notice and copy of the requirement rule with the commissioner 30 days prior to the effective date thereof.

As to renewal, the agent shall have in the lenders hands a policy on or before a minimum of 15 days in advance of expiration date if required by the lender. The lender shall not require delivery of renewal policies more than 30 days prior to expiration date. Renewals are subject to the rules relating to selection and approval of companies and agents where such rules are applicable and pertinent to renewals. Where the borrower desires to change agents, the agent writing the renewal business must file with the lender a letter of authorization signed by insured (borrower).

## VIRGINIA SURETY COMPANY, Incorporated

228 Superior Street

Toledo 4, Ohio

### Financial Statement December 31, 1953

ASSETS	
Cash in Banks	\$1,546,660.39
Bonds at Amortized Value	
U. S. Government Bonds	\$1,371,589.48
State Bonds	76,567.30
Municipal Bonds	161,677.81
Special Deposit with Another Insurance Company	4,000.00
Net Premiums in course of collection less than 90 days	232,501.91
Reinsurance due and in transit on paid losses	55,153.37
Interest Accrued and Other Admitted Assets	8,627.47
<b>TOTAL ADMITTED ASSETS</b>	<b>\$3,456,777.73</b>
LIABILITIES	
Reserve for claims in process of adjustment	\$1,497,943.46
Reserve for unearned premiums	524,522.14
Reserve for taxes and other Expenses Accrued	55,769.28
Reserve for Income Tax	39,649.17
Balances due other companies for reinsurance	301,317.79
Capital	\$600,000.00
Surplus	437,575.89
Surplus as regards policyholders	1,037,575.89
<b>TOTAL</b>	<b>\$3,456,777.73</b>

Bonds carried at \$573,151.81 in the above statement are deposited with various states, for the protection of policyholders, as required by law.

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Executive Vice-President  
JACK E. HANKISON  
Vice-President and General Counsel  
L. G. HANKISON  
Vice-President  
GEO. J. LOVE  
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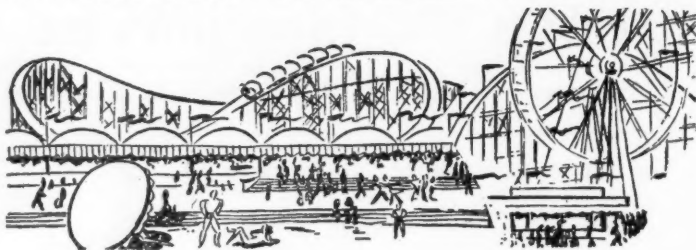
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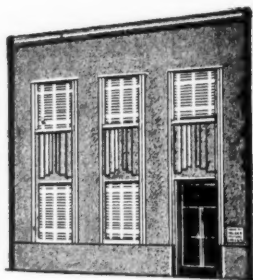
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## Judge Urges Higher Pay for Defense Attorneys

(CONTINUED FROM PAGE 13)

practice in which a doctor hates to admit it, even though he knows he is wrong; blind cases where someone does not realize he is injured until a certain amount of time has elapsed; long periods of unconsciousness or inability of the insured to give the complete story; dramshop cases, where the case goes through many steps and someone finally arrives at the idea of using the dramshop act; and multiple carriers where one company gets the report and the others do not. He also gave the mechanics of following a claim from its inception until ready for settlement. Mr. Warren said, "We sometimes lose sight of the other fellow's side of the case" and told the attorneys to think of the historical background of workmen's compensation, which replaced the old common law suit where chances of success were not too good. WC was intended to keep the "wolf away from the door" and not replace federal employers liability cases, or as a measure of damage, but sort of an employer A&H policy with medical, he said, and stressed the fact that it is a weekly indemnity.

He suggested using the schedule which is already set up, telling how many weeks and for how much an injury is worth instead of shunting the victim from doctor to doctor on both sides and then finally "splitting down the middle." This happens so frequently that it is becoming ridiculous, he said, when it could have been settled with one single and impartial examination. He stressed getting together as lawyers and working it out on this basis. "An honest approach must be found for getting away from spending money uselessly."

Mr. Osgood at this point mentioned that his association's WC committee has been working on the very same thing.

Mr. Forhan gave some statistics on the study of claims over a calendar year that his company has made and said that 75% of these claims were in the hands of several scores of lawyers. Of 425 files so far settled in 1953 on 750 claims, 287 attorneys had had those files and of the 287—210 of them each had a file of his own.

Mr. Forhan said there are still some attorneys who really believe that a domineering attitude can produce results with claim men, especially junior members. He said the finger-shaking in face and the "you'll be sorry attitude" certainly should be avoided as far as producing results. He admitted that suits need to be filed in some cases and his company does not try to avoid them, but he said he regarded it as annoying if after the suit is started the attorney drops into his office the next day in an attempt to settle it on a friendship basis.

To make it easier on both sides, Mr. Forhan suggested that the plaintiff's attorney return phone calls of field adjusters and make timely regulation of previously unreported injuries, meaning those that were not at first discovered at the time of the accident. Otherwise the reserve would not then bear settlement and there must be re-investigation and other time-consuming delays. He also asked that the defense be granted permission for examination of the claimant and be given access to the hospital records. Special expenses should also be presented. He said if at any time the plaintiff's at-

torney wants to talk to someone on a higher level all he has to do is tell the adjuster and make an appointment. The simplest way to put it, he declared, is to "present a reasonable demand and be prepared to justify it".

Mr. Osgood pointed out that the figures presented by Mr. Forhan are excellent proof that not just a few "top dog" plaintiffs' attorneys are getting all the business.

Judge Jacob Berkowitz, city judge of Mattoon, Ill., now sitting in pretrial in Chicago, advised the attorneys, if they are to please him, to bring in the file and be prepared to discuss the case in full, and also be prepared to talk about the occurrence and not about money. "First talk about liability, and dollars and cents will follow," he said. "And don't come in for a couple of hundred dollars if there is no liability but the case is already on the way."

A question and answer period followed the formal program.

## Mass. Brokers Assn. Develops PHD Aids

The automobile committee of Massachusetts Insurance Brokers Assn. has developed two forms to assist association members in retaining automobile physical damage insurance on financed cars. Listed on the first form, to be used by a broker who has a complaint against any dealer, bank or finance company for loss of PHD due to coercion, are questions such as: Did your customer tell you to write the insurance before he signed finance papers? Did he tell the dealer, bank or finance company before he signed the papers that he wanted the insurance placed with you? Did the dealer, bank or finance company refuse to let your customer place his insurance with you?

The second form is a sticker, designed to acquaint the customer with the broker's auto insurance facilities, which is attached to all bills sent by the broker.

## Novak Heads Brokerage

Jack Novak has been named president of Trans-Oceanic Brokerage Corp., New York City, special risk brokers, a part of Federated Brokerage group which specializes in children's summer camp and resort hotel insurance. He succeeds Michael H. Levy, elevated to chairman. Mr. Novak has been a broker since 1949.

## Butterworth Reelected

David A. Butterworth of Pacific Fire was reelected chairman of Recovery Men's Forum at the annual meeting in New York.

## Eye Bureau-Agent Problems

According to Manager A. J. Snow of Oregon Insurance Rating Bureau, representatives of the bureau have been conducting a series of meetings with agents throughout the state to discuss mutual problems.

Mr. Snow said the problems generally will be those relating to the writing of policies and other matters that cause lags or misunderstanding.

## Rutter on Bank Panel

J. Paul Rutter, vice-president and secretary of American, will discuss institutional investment practices on a panel at the Institute of Investment Banking, which will take place at the University of Pennsylvania in Philadelphia April 12-16. It is sponsored by Investment Bankers Assn. of America and the Wharton school. Investment objectives and practices of fire and casualty insurers will be discussed.



## Casualty Lines Produce Over-All Nationwide Profit

(CONTINUED FROM PAGE 8)

brought the state into the insurance business to an extent. Also, because of the provisions for assessment in the event the fund develops a deficit, the companies in effect have had to give the fund a potential blank check. This could become a serious matter if, because of a business depression, the proportion of insured cars in New Jersey dropped radically and the legislature amended the law to increase the maximum assessment as a percentage of written premiums. In addition, whereas the payment of \$3 into the fund, which is required this year of uninsured car owners in order to obtain a registration, is logically higher than the \$1 fee required of car owners who have liability insurance, it has given the erroneous impression to some uninformed car owners in New Jersey that they have actually purchased some form of liability insurance with the \$3.

To avoid compulsory insurance and its allied menace of state funds, it is essential that a broad market be available to those who want to purchase automobile liability insurance. It does no good if, in state after state, an increasing proportion of car owners has to turn to the assigned risk plan to obtain the insurance. It is the belief of most stock casualty companies that the solution to this market problem lies first in having an adequate rate level for the state and, secondly, in having a classification plan of sufficient refinement to rate the various types of risks equitably.

It has been the bureau experience that whatever opposition has been expressed to the 7-classification plan by producers generally came before the plan was actually introduced in a state and not afterwards. In some areas with unusual conditions, some aspects of the plan have been criticized but in other areas agents speak enthusiastically of the plan and report that it has demonstrated its effectiveness in meeting competition and in reducing the proportion of not taken policies. Agents now realize that it takes comparatively few questions to obtain all essential underwriting information for an individual risk and that, in devoting the necessary time to obtain this information, they can strengthen their relationship with their clients through that personal contact.

The question frequently is asked as to why the stock companies do not allow a premium credit to youthful operators who have successfully completed a driver training course in the public schools. Though stock companies strongly support such courses and wish to encourage their establishment in as many schools as possible, they have for a number of valid reasons not introduced premium credits as a reward for the completion of prescribed courses. First, cars operated by persons under 25 have been grossly underrated as a class. They have not been paying their fair share of the total premiums. There have been no adequate statistical studies proving that those who completed a course are better drivers right up through age 24 than other youths who did not take the course.

But rather complete information on this subject should become available when the results for the new Massachusetts classification 2A are compiled for policy year 1954. That class applies to

class 2 risks where every operator under age 25 has satisfactorily completed and received a certificate under the Massachusetts behind-the-wheel driver training program prescribed by the registrar of motor vehicles and who since the completion of that program has not been responsible for an automobile accident resulting in property damage over \$50 or BI while operating any motor vehicle. Commissioner Humphreys in promulgating this classification effective Jan. 1 established BI rates at 15% less than class 2 rates and the property damage rates have the same relationship.

## Mexican Company Insured Crashed Mexican Plane

An airliner operated by Aereo Naves line crashed, with an insurance loss of \$60,000, into Friar's Peak, 16 miles north of Monterrey, Mexico. The plane, a Douglas DC-3, was carrying 18 passengers from Mazatlan on the Pacific coast to Monterrey. All aboard were killed.

The insurer is La Provincial Compania General de Seguros, S. A., and the reinsurance was in United States Aviation Underwriters.

## M&C, OL&T, CPL Rates Are Revised, Mostly Up

Massachusetts, New Jersey and Rhode Island have approved revised rates of Mutual Insurance Rating Bureau on bodily injury liability for M&C and OL&T area and frontage classifications, effective April 5.

The rate level changes are:

	OL&T	M&C
Massachusetts	10.0%	11.3%
New Jersey	25.3	-6.9
Rhode Island	20.8	5.3

In Massachusetts changes include revised rates for CPL and farmers' CPL. The CPL gets a \$2 increase, the farmers an increase of \$3.

Territory schedules are revised in Massachusetts, New Jersey and Rhode Island for OL&T.

Rate revisions for M&C and OL&T now have been approved for Mutual Bureau in 31 states and District of Columbia. In several other states revisions are pending.

## Ill. Nat'l Casualty Has Rallies

Approximately 100 were on hand for a meeting at Mt. Vernon, with 125 at Springfield and 65 at Galesburg of Illinois National Casualty. C. L.

Morris, executive vice-president, presided and spoke. There were talks also by E. H. Lasseter, vice-president and claim manager, and R. F. McDonald, agency supervisor.

A panel discussion was conducted with emphasis on the extended medical payments coverage and the Illinois motor carrier of property act. Other meetings are scheduled for Cedar Rapids, Chicago, Columbus, O., and Lake Manitou, Ind.

## Conn. Employees Covered by New Bonding Plan

A new system of corporate suretyship has been started in Connecticut as a result of a survey of the state's bonding practices which disclosed not all state employees were bonded and average surety was \$1,430.

Under the plan all employees, except hourly paid workers, are bonded up to \$5,000. More than 18,000 additional employees are now covered.

Col. Robert E. Joseph has been appointed counsel and director of public relations for United Services Auto of San Antonio. Before his army service, Colonel Joseph was chief of public relations for the FBI.

# SECURITY \* STRENGTH \* SERVICE

UNITED STATES RESOURCES AS OF DECEMBER 31, 1953

Year Established		ASSETS			LIABILITIES		SURPLUS TO POLICYHOLDERS (Includes Capital)	
		Securities Deposited as Required by Law	Other Admitted Assets	Total Admitted Assets	Liabilities	Capital	Annual Statement Basis	Market Value Basis
1896	American and Foreign Insurance Co.	\$ 460,373	\$20,777,288	\$21,237,661	\$13,425,430	\$1,500,000	\$ 7,812,231	\$ 7,560,971
1863	*The British and Foreign Marine Insurance Co. Ltd.	1,045,749	12,208,021	13,253,770	8,143,302	500,000	5,110,468	4,937,925
1911	Globe Indemnity Company	1,148,379	78,947,960	80,096,339	53,599,333	2,500,000	26,497,006	25,234,604
1836	*The Liverpool and London and Globe Ins. Co. Ltd.	1,401,777	45,243,683	46,645,460	29,957,479	500,000	16,687,981	15,916,979
1811	Newark Insurance Company	766,419	26,527,859	27,294,278	17,408,043	2,000,000	9,886,235	9,573,358
1891	Queen Insurance Company of America	839,780	68,462,629	69,302,409	44,345,516	5,000,000	24,956,893	23,965,990
1910	Royal Indemnity Company	1,192,331	87,084,466	88,276,797	60,395,452	2,500,000	27,881,345	26,619,797
1845	*Royal Insurance Company, Ltd.	1,353,191	52,954,393	54,307,584	35,624,478	500,000	18,683,106	18,064,553
1896	Star Insurance Company of America	463,519	23,453,994	23,917,513	15,547,299	1,000,000	8,370,214	8,093,275
1860	*Thames and Mersey Marine Insurance Co., Ltd.	1,042,847	6,963,497	8,006,344	4,840,791	500,000	3,165,553	3,100,347
1832	Virginia Fire and Marine Insurance Company	502,752	7,357,911	7,860,663	4,850,321	1,000,000	3,010,342	2,962,558

\* United States Branch. The amount shown under "Capital" is the statutory deposit required to transact business in the U.S.A.

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## Mariners Glimpse Peaceful Potentials of Atomic Power

Some idea of the actual and potential development of atomic power and its actual and potential effects upon the insurance business could be gleaned by members of Mariners Club of New York from the talk delivered at a dinner meeting by Leonard F. C. Reichle, assistant director, division of reactor development, U. S. Atomic Energy Commission. C. J. Brill, Royal-Liverpool, the skipper, presided. There was a capacity audience of members and guests.

As of last June 30 AEC investment in plant and equipment was about \$4.5 billion, he said. This is not all AEC capital costs; depreciation has been taken into account. It represents normal, industrial valuation, and is about the same as the capital investment of General Motors in the U. S. and abroad. Net operating costs in 1953 were more than \$900 million and its cost of new construction was more than \$1,125,000,000. The electric power consumption of AEC gaseous diffusion plants presently built and under construction is equal to the combined 1952 power consumption of New York, Philadelphia, Chicago, Los Angeles, Detroit, Cleveland, Pittsburgh, San Francisco and Houston.

AEC plants and laboratories extend from New York to Washington state, from South Carolina to California. Together, all AEC facilities occupy 3,200 square miles, more land than the states of Rhode Island and Delaware combined.

AEC employs number 6,500. However, laboratories, testing stations and production plants are operated by industrial firms and universities under contracts with AEC. Employees of AEC operating and construction contractors total about 150,000.

The new industry, he said, has grown to be one of the nation's largest in less than 15 years.

There are of course vast technical difficulties involved in the development of atomic energy for peaceful purposes. Projects have to be selected where there is the best chance of making progress because funds are limited and research and development are costly. Adequate incentives must be provided for industry to invest risk capital and thereby tend to assure progress in industry. There is, of course, the problem of security.

Application of atomic energy to transportation has bright potentialities because uranium and other sources of atomic energy comprise such a highly concentrated form of fuel. One pound of U-235 would yield as much energy as 1,300 tons of coal, and is the equivalent of 260,000 gallons of gasoline.

He discussed developments in the use of atomic energy for submarines and ships, aircraft, automobiles and trucks, and locomotives. With the exception of ships, developments in use of such energy will undoubtedly take some time because of the serious problems involved.

However, many electric utilities have approached AEC to ask permission to undertake studies to determine the adaptability of nuclear power to their requirements, and AEC has entered into study agreements with 12 major industrial firms. It has authorized 30 additional companies to partici-

pate in such studies on a classified information basis.

The average cost of power generated in steam plants in the U. S. is about 6 miles per kilowatt hour. The most efficient new steam electric plants are producing power at generating costs of from 3 to 4 miles. If the cost of nuclear power can be brought down to 6 to 4 miles by 1965 to 1970, several million kilowatts of nuclear power capacity probably will be placed in service by 1975.

Actually, electricity has been developed from nuclear energy, at the reactor testing station at Idaho Dec. 21, 1951. The critical question is one of cost. The STR prototype submarine reactor has been producing substantial quantities of power. But the STR probably costs \$1,500 to \$2,000 per kilowatt, compared with the cost of the modern steam plant of something around \$180. Potentially, he said, the BTU of heat from fissionable material is much cheaper than a BTU of heat from a fossil fuel. It is expensive now because it has not been learned how to extract it cheaply.

## Newark Wins Diemand Trophy for 1953

Newark service office of Indemnity America, Edwin H. Charles, manager, has won the Diemand Trophy for 1953. Baltimore, E. Dean Ellithorp, manager; Chicago, Samuel H. McGoun, manager; and Cleveland, William A. Watson, manager, won honorable mention.

Special recognition for outstanding performance was given to New York under Resident Vice-President Franklin Vanderbilt and Managers Edward Q. Field and James R. Rooney. Because of its size it was not eligible to participate in the 1953 award.

The Diemand Trophy is a handsome silver plaque mounted on ebony, established in 1936 by John A. Diemand, president of North America companies. It is awarded annually to the Indemnity of N. A. office showing all around excellence of operations, especially in servicing agents and brokers.

Both the New York and Philadelphia offices have retired similar trophies under the rule which gives permanent possession of the award when won for the third time.

This is the first time Newark has won.

## Legal Advice in Bonus Plans

A plan for bonus payments instituted without advice of counsel may put an insurance company into a position of suffering a considerable and unnecessary loss, Robert L. Freeman, senior examiner for the New York insurance department, told a session of its in-service training course.

In one instance, Mr. Freeman said, a tax-free retroactive salary adjustment of \$10,000 rendered the company itself potentially liable to \$25,000 in taxes. The bonus resolution upon which the adjustment was based was drawn up without advice of counsel, he said.

## Form Richmond Agency

The Saunders & Benson agency has been formed at Richmond by A. D. Saunders and Edmund L. Benson. Mr. Saunders began in the business with Virginia F. & M. in 1910 and in 1936 opened his own agency. He has been manager of the insurance department of Alfred L. Blake & Sons since 1939. Mr. Benson has been with New Amsterdam Casualty for seven years.



## Second Part CPCU Review Released as Exams Approach

In response to the demand for review and refresher material for Part II of the CPCU exams, the National Underwriter Co. has published a set of questions and answers with a training examination, following the same pattern as that of the set published a year ago for Part I. The new compilation, "Part II, Insurance Principles and Practices, Questions and Answers with a Complete Training Examination," is the work of C. F. Rupprecht, who also wrote the Part I material.

Mr. Rupprecht had a distinguished career with Commercial Union, North America and Hawkeye-Security and was active for some years in conducting preparation groups at Drake University before he retired recently. The material just published, as well as the first part material, is the result of Mr. Rupprecht's outstandingly successful work. He is a CPCU.

Pressure, unquestionably, is the greatest psychological problem with which the CPCU examinee has to deal. The testing sessions are strictly limited to a few hours and are conducted at a set time and place. The best way to let off this pressure—which can cause even the well-prepared student to fail—is to practice hard at the technique of putting down answers in writing and against time. The two compilations are designed to give this practice and to enable the student to find his weaknesses, correcting them while there is still time.

Both parts are available from the National Underwriter Co., 420 East 4th Street, Cincinnati 2, Ohio, or through any of the company's branch offices. The price is \$10 per part, first class mail delivery during the next few weeks—as the final exams get nearer. Air mail delivery is 50 cents extra. The first printing of Part I sold out in a few short weeks and this has since been reprinted. Both sets have been printed in limited quantities.

## Hartford Accident Has Successful School

Hartford Accident has completed its four week's course in casualty and bonds which was attended by 35 insurance men and women from 19 states. This was the largest representation of states the school has had at one session since it opened in 1945.

## Insurer Loses Financial Responsibility Law Case

Cadillac Mutual lost a close question of interpretation of the effect of a financial responsibility law on an automobile policy in Michigan supreme court recently. The case is Judd vs. Vollmer, 3 CCH (Auto 2nd) 1237.

The court held the insurance company was required to provide absolute protection, without exclusions, under a policy which was issued as part of a financial responsibility filing, although the insured was relieved of the obligations of the law before the accident occurred.

Vollmer, the insured, had been convicted three times of drunken driving. His license was suspended for three years and then partially reinstated by court order to permit him to drive to and from work only. Cadillac Mutual wrote insurance effective Feb. 10, 1950, with an endorsement restricting cov-

erage to use of the automobile by Vollmer while driving to and from work. The 3-year period of Vollmer's limited license expired Oct. 6 of that year, and he secured a full driver's license, free of financial responsibility restrictions. He was involved in an accident in November, while Cadillac Mutual's policy, with the limiting endorsement was still in force, and he was not driving to or from work at the time of the accident.

Cadillac Mutual denied coverage, citing the exclusion of the policy, but the court held the financial responsibility law of Michigan requires that insurance policies filed under its provisions cover the liability of the insured and anyone else driving the automobile without restriction, that the policy was issued in compliance with financial responsibility provisions and the fact that the insured was no longer subject to them did not relieve the insurer of its responsibility.

## Lersch Heads New Atlanta R. B. Jones, Ill., Unit

Illinois R. B. Jones, Inc., Chicago, is opening an Atlanta branch, April 15, located at 1401 Peachtree street, N. E. The firm, correspondents for London Lloyds, operates on a nation wide basis through agents and brokers. The new office will offer broad capacity on coverage for excess and unusual risks in the southern states.



William E. Lersch

William E. Lersch, senior underwriter in the Chicago office, has been appointed a vice-president and will be in charge of the Atlanta office. Mr. Lersch started in insurance with Travelers and after two years joined John Naghten & Co., Chicago. He was with the agency three years before service with the army in the second world war, after which he became vice-president of T. A. Cummings, Jr., Co. of Chicago. He went with Illinois R. B. Jones in 1952, and specialized in fire and casualty production and underwriting.

## GAB Makes Staff Changes

Edgar A. McCaskie, named a general adjuster at Albany by General Adjustment Bureau, has been succeeded as manager by Irving A. Schwab. Also, John Johnston, manager at Monticello, N. Y., transfers to manager at Johnstown, N. Y., and John L. Osborne, Jr., goes to Monticello as manager.

Mr. McCaskie was formerly with National Board and was an adjuster in New Jersey. He became a GAB staff adjuster in 1940. Mr. Schwab joined the bureau in 1926 and has served in Altoona, Pa., and Albany. Mr. Johnston went to GAB in 1937 in New York City. Mr. Osborne joined the bureau in 1946 and has been active in emergency storm adjustments.

## Penn State Course in June

The insurance educational conference at Pennsylvania State College June 13-15 now is being planned by A. S. Feinerman of Harrisburg, chairman of the educational committee of Pennsylvania Assn. of Insurance Agents, one of the several insurance organizations that sponsor the course, and R. H. Wherry of the department of commerce of Penn State.

John H. Rowell, has resigned as actuary for California Inspection Rating Bureau to set up his own business as a consulting actuary with offices at 807 Crystal Springs road, San Mateo. Mr. Rowell is a fellow of Casualty Actuarial Society.

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FIRE • MARINE • CASUALTY • AUTOMOBILE

## EAC Seeks Ways to Meet Direct Writer Threat

(CONTINUED FROM PAGE 1)  
methods and consideration of such questions as:

Should insurance required by masses of the people be developed on a mass production basis and serviced similarly to reduce costs?

Is it desirable for insurers to set up many service offices to attempt to do on a mass basis work not individually done by agents at greater costs? Wouldn't this enable agents to do more selling?

Is the approach used by Safeco, which reduces expenses to a minimum, a sound one?

Should company bureaus and statistical organizations be merged to provide maximum underwriting skills and statistical talents using the latest machines at minimum costs?

Should bureaus representing a very important proportion of the financial strength of the insurance business make rates based upon 40% of the volume done?

Should an effort be made to broaden as many forms of insurance as possible so that individual selling is required to give insured maximum protection?

Doesn't the business always have to seek to deliver the best possible forms of insurance at the lowest cost commensurate with sound handling and servicing?

At what point can agents justify insured paying them for their knowledge and skill more than is charged by the direct producer? If so, what is that percentage?

In the auto field, he said, the direct writer above shows expense factors, roughly adjusted to bureau rates, of 4% for commission and brokerage incurred, 13.5% for other acquisition, 4.7% for general expense and 2.7% for taxes, or a total underwriting expense of 21.3%. The semi-direct writer above, excluding membership fees, shows for these five items these percentages, 5.4; 7; 3.8; 2.5 and 18.7. Stock companies show 19.7; 5.1; 4.9; 2.9 and 32.6.

Real agency, company conference, which is a comparatively recent development, has done much to solve common problems. Kenneth W. Faunce of John C. Paige & Co., Boston, said in his talk as a member of the panel. A composite of the views of many agents, when presented to company committees, carries much weight. Among practical benefits of such conference were the change in the improvements and betterments form and the agreement of companies to withdraw the future requirement of 90% coinsurance on blank U&O policies and to return to the present system.

Other conferences deal with methods of handling new procedures that are advantageous to insured, agent and company, he added. An example is the proposed short form of installment premium payment endorsement which will do away with the mass of repetitive figures in the present five year installment endorsement. This is in the works.

With new competition from both direct writers and certain agency companies, he said, agents must realize that lush days when insurance was bought instead of sold are over. They must get off their chairs and go to work. He advised agents to see smaller customers, get them to increase coverage realistically and convince them of

the value of the agent's service. Too many loss-free customers are neglected, yet they are particularly vulnerable to cut rate competition.

He suggested a good excuse to call on prospects is the new earnings form. Whatever its faults, it is designed for ease in selling and without coinsurance requirement. Be careful to explain that the 25% limitation applies to any consecutive 30 day period rather than to a calendar month, he warned.

William T. Murphy, general manager of General Adjustment Bureau's eastern department told of GAB's effort to train adjusters to better aid agents and company. GAB received 304,000 adjustments in 1943, 871,000 in 1953. It is continuing and expanding its training program and is today equipped to handle the normal and catastrophe load of losses.

William N. Woodland, editor of The Standard, appeared on the panel as the insurance buyer, to tell agents what he expects of them. He expects the agent to sell him insurance, there can be no service without a sale.

The buyer depends on the agency to give him security without compelling to give up liberties in exchange, he added. The agent knows risks the buyer never heard of, and he provides more than protection. He allocates insurance where the buyer most needs it. He doesn't cut the price, but he does give him the best insurance available for his needs at a fair price.

Warren Bodwell of Manchester N. H., second vice-chairman of the conference, moderated the panel with wit and dispatch.

Does GAB adjust losses of you know what company? Mr. Murphy was asked. He said GAB doesn't get assignments from that company, just from shareholders, though there is some question if GAB can legally decline and that question now is being studied by counsel.

Why not write fire and EC at one rate, or will the business wait till you know who leads the way on that, also? was another question. Mr. Bowersock said there is quite an even division among companies regarding indivisible premiums. Perhaps companies will be forced into one rate for fire and EC but a big segment of the business disagrees with this approach.

Why doesn't GAB pay the smaller loss with one draft then render an account to the several companies on the risk? That would save money. Mr. Murphy replied this has been discussed but nothing has come of it though he understands it is going to be tried in the midwest.

Why not renew fire cover on dwellings by certificate? Mr. Bowersock said this has been considered. Many believe that at the end of three or five years there ought to be a review of the insurance. There is also the fear of agents and some companies of a continuous policy. The business may have to come to it, nevertheless.

Would the six months policy help? Mr. Bowersock here described the practice of Safeco, but added that by mailing direct to insured Safeco becomes the point of contact with insured, the company accounts to the agent for his commissions, not vice versa, and there is the continuous policy feature. The business may have to face this. There has been talk of going part way, taking 15% off the rate and paying a 15% commission.

Why do stock companies own stocks of you know who? Mr. Bowersock said having Sears, Roebuck & Co.



stocks in the portfolio of fire and casualty companies doesn't help you know who. Competition can't be legislated out of business. The right answer has to be found. The agency system is here to stay, he said, but it may have to alter its methods somewhat.

Another agent wondered why the business is taking so long to put out auto insurance that is the best available compared with that of you know who. Mr. Bowersock said these things take time, just as getting reliable agency costs figures does. He said he couldn't see why there are two auto rating bureaus.

What disturbs Mr. Bowersock more than you know who is that in the competitive struggle two or three big groups, unable or unwilling to stand the loss of business, will go off on their own.

There was considerable enthusiasm for the suggestion of Sol S. Holland of Jersey City, president of New Jersey Assn., that agents cooperate on a TV advertising program of the agent's worth. Allan Miller of that association has made a study of the subject which shows that such a program would cost members of the New Jersey group \$35 each for 26 weeks of a good news program. Perhaps Pennsylvania, New York and Connecticut agents might join New Jersey in such a venture. The idea of a national program is on the agenda for Seattle.

Among other features of the program were the breakfast for state association officers, executive secretaries and chairmen of state public relations committees, a breakfast meeting of the Massachusetts association's local board advisory council, the report of H. Earl Munz, Paterson, N. J., chairman of the conference committee, remarks by F. W. Doremus, manager Eastern Underwriters Assn., a discussion of casualty problems by James M. Cahill, secretary National Bureau and Frederick J. England of Cambridge, NAIA casualty committee member. Preston Hadley, Bellows Falls, Vt., EAC chairman, and J. Vernon Coolentz, Frederick, Md., vice-chairman, shared the presiding chores. Mr. England served as general chairman of the conference.

A number of companies maintained headquarters, including American, Crum & Forster, Chubb & Son, Hartford group, Home, North America, New Amsterdam and U.S. Casualty, London & Lancashire, New Hampshire, Maryland Casualty, Yorkshire, Royal-Liverpool, Springfield, Phoenix of London, L. & L. & G., National of Hartford, Fireman's Fund, F. & D. and Berkshire Mutual.

## Comprehensive Covers Get Spotlight at N. J. Rally

(CONTINUED FROM PAGE 2)  
given to him in this respect. He outlined the association's efforts along these lines, making mention of compensation by some percentage of commission, and said that the work of the casualty and allied lines committee would continue toward this end.

"We have reason to believe," he said, "that authorizations of this type are being recognized by assigned insurers." Mr. Holland paid tribute at this point to Roy H. MacBean, chairman of the committee and a past president of the association.

He also called attention to the new committee appointed to do liaison work with the New Jersey Bar Assn. It is the first time, he said, that the bar association has invited the agents' participation in such an organization and predicted that much benefit will result on both sides. Members of the

committee are Harry G. Mather, Trenton; Bertram S. Reitman, Elizabeth; Ralph S. Mason, Princeton, and Horace E. Bunker, Plainfield.

Mr. Holland described the association's school of insurance as "constantly oversubscribed" and declared that "90% or better of our graduates who apply for their licenses are successful in passing the rigid department examination."

Congressman Frank C. Osmer, Jr., who was featured speaker, took for his theme the effect on competitive business of the federal government. The national debt would be substantially reduced, taxes would come down and private enterprise would get a better break if the government would "get out and stay out," he said.

He said the government operates more than 100 types of competitive businesses, has inventories of \$75 to \$100 billion, and operates financial agencies of all kinds in direct competition with taxpaying commercial and industrial banks and financial institutions.

"Federal agencies have entered into so many business-type activities that they constitute a real threat to private industry, a step toward socialism," he declared. "Many of these businesses employ thousands of people and have capital assets running into billions upon billions of dollars. These are largely tax-free, but competitive with private industry which pays taxes."

He supported Charles E. Wilson's contention that these government enterprises could be sold for \$27 billion or more, and that this money could be applied to the reduction of the national debt, with a savings of \$500 million a year in interest. "And in private hands," he said, "these government businesses would pay from \$1 to \$2 billion a year in federal income taxes."

A panel on "How Can the Insuring Public Be Better Served Through Closer Cooperation and Understanding Between the Companies and Agents?" was moderated by Earl Munz, and

companies were represented by Rexford Crewe, production department manager of Hartford Accident, and Albert C. Knox, vice-president of Phoenix-Connecticut, while agents' spokesmen were Roy H. MacBean, Cranford, and Arthur L. Zimmerman, Newark.

The talk by John H. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, is reported elsewhere in this issue.

## Agent Keeps 25% of Refunds on Cancellations, Convicted of Income Tax Evasion

LOUISVILLE, KY.—A former president of Royal Bank here was found guilty in federal court of income tax evasion, chiefly in connection with operation of an automobile insurance business.

Harry J. Klein was charged with deducting a service fee of 25% from premium refunds due policyholders fol-

lowing cancellation of automobile business in connection with which the bank had made loans.

Klein was charged with having realized about \$98,000 from insurance refunds over a four year period. Klein contended that it was a "revolving fund and not taxable as it was a reserve against contingencies." He can be sentenced to a maximum of five years imprisonment and \$10,000 fine.

Local agents are chagrined over the case, which ran a week and received considerable newspaper publicity. Some agents feel the public will get the idea that other agents may be deducting similar service charges out of premium refunds belonging strictly to the assured.

Upon questioning at the trial, however, Mr. Klein said he did not know that such a practice was followed by any other agents and that it was an idea of his to absorb possible losses arising from policy cancellation at higher premium rates.

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## No. America Says Law on Its Side in Bureau Dispute

(CONTINUED FROM PAGE 4)

its basic policy as to how it will serve the public to its competitors for approval.

NYFIRO shows it's true position, according to the brief, when it maintains that, regardless of what the law provides, all independent filings should be barred, that insurers not only should be allowed to make rates in concert but should be made to make them in concert.

This would assure NYFIRO's monopoly of rate filings for the lines for which it is licensed.

The brief notes a 1949 ruling of the Pennsylvania department authorizing independent insurers to adopt casualty rating organization manuals by reference. It further calls attention to the specific provision of the New York law permitting independent filings which are substantially identical to those of the rating organization.

Matter on file with the department, including statistical information is available to all insurers, under state

law. NYFIRO permits free use of its filings and supporting data indiscriminately by other rating organizations. Yet NYFIRO would not permit North America to use its town grading system as to dwelling classes even if North America were willing to pay for such use, which it is. The reason for such refusal was frankly stated to be competitive. Town gradings are compilations of public information. Even if the rates, rules and forms promulgated by NYFIRO were original with it, North America companies have contributed since 1899 to the expense of NYFIRO operation and had NYFIRO created any original rates, rules and forms, North America would have an interest in them.

If NYFIRO is claiming some common law property right beyond the scope of the insurance law, the case should be presented to a court having jurisdiction of such matters, not the department.

NYFIRO and the intervenors are not legally entitled to challenge the North America filing. A desire to be free from actual or potential competition from another insurer is not a kind of prejudice entitling one or more insurers to relief from the insurance department. The brief notes that North America has not applied for permission to deviate.

The fact that a rate may be discriminatory, inadequate or excessive in relation to some policyholder does not aggrieve the rating bureau or a competing insurer. The organization and intervenors do not have any legitimate interest in being free from competition. North America has a legal right to act independently without first securing the approval of a majority of its competitors, the brief charges.

## Can't Appropriate Only Partial Service: NYFIRO

(CONTINUED FROM PAGE 4)

it takes time to establish that rates are inadequate. This gives the company with a lower rate the competitive advantage; it can capture the business.

Also, North America would not be bound by bureau filings but all of its members and subscribers would, which is an undue competitive advantage. The profit formula provides a range within which North America could reduce rates without being charged with inadequacy. The vice comes in the competitive advantage North America would acquire by this device. Once dwelling business is on the books of a company it is difficult to recapture it.

The fact that the department has the duty of seeing that rates are not inadequate would not cure the competitive advantage given North America. Also, if North America's action is upheld, other companies would follow. Why should they pay the cost of NYFIRO if they can acquire that service by using scissors and a photographing apparatus? A rate war would soon follow. Then the department would find it virtually impossible to determine which rates were and which were not inadequate. Upholding partial subscribership would make it possible for North America to use the full work product of NYFIRO for less than \$1 a year, the assessment for the smallest class of risk, patent leather workers.

## New York Law Allows Free Choice of Comp Insurer

Governor Dewey of New York has signed into law a bill introduced at the request of the legislative committee of Insurance Brokers Assn. of the state of New York, which permits a buyer of any type of compulsory insurance in the state to choose his own company and/or contract. This holds for workmen's compensation, which is indirectly responsible for the bill, in that a specific WC case involving the New York state insurance fund prompted producers in the state to push the bill.

Producers opposed the use of labor agreements as a means of twisting coverage from individually held policies to a group plan in the fund, as was done in the case of Local 3, International Brotherhood of Electrical Workers, whose new contract with employers gives it the right to transfer WC coverage to the state-operated fund.

Although the brokers have appealed the union move to the state attorney-general's office, asking for a ruling on its legality, it is not believed the new law will affect the contract since the union won it prior to Mr. Dewey's action. The attorney general held a hearing for producers in New York city Tuesday, requesting them to present their views on the union agreement. Results have not been revealed.

## Sask. Insurer Has Its Mont. License Reissued

Saskatchewan Guarantee & Fidelity of Regina on April 1 had its Montana license, originally issued in November, reissued.

Vernon E. Hoven of Plentywood, Mont., agent for Saskatchewan G. & F., had obtained from a district court an order for Commissioner Holmes to

show cause why the license should not be issued. Hoven obtained a writ on March 31 and the license was handed to him April 1.

H. L. Hammond, manager of the Regina Company, commented: "This assures continuous coverage to our Montana policyholders. We shall continue to write business at competitive rates in Montana and hope to do a good volume of business this year."

Gardner C. Waite of Bozeman, has filed a suit at Helena to have the company ousted from Montana on the grounds that it is an arm of the Saskatchewan government and is operating unconstitutionally, and that its activities are unconstitutional.

Mr. Hoven is manager of Insurance Unlimited, a general agency established to handle Saskatchewan G. & F.'s Montana business.

## N. D. Field Men, Agents Stage Educational Meet

North Dakota Fire Underwriters Assn. and North Dakota Assn. of Insurance Agents are sponsoring an educational seminar the first two weeks of April, meetings being staged at Dickinson, Bismarck, Valley City, Minot, Devils Lake and Grand Forks.

The seminar agenda includes all lines of insurance, emphasis being placed on promotional sales and explanation of the least understood fire and allied lines. Guest speakers include Lawrence Mooney, secretary of Springfield F. & M., and R. M. Wilcox, assistant western manager of Crum & Foster.

## State Farm Has No Agents to Lose in N. Y. or N. J.

G. F. Alcott, agency supervisor for automobile of State Farm, has written THE NATIONAL UNDERWRITER to explain that a reference in the story in the April 1 edition on a regional meeting of the Connecticut agents was in error on the point of representatives of State Farm in New York and New Jersey shifting to the ranks of local agents. "State Farm has no agents in either New York or New Jersey and is not now, and never has written business in either state," Mr. Alcott says. "The State Farm Mutual Automobile Ins. Co. is licensed in both New York and New Jersey, but has not established agents in either state yet. Both states will be developed by State Farm later."

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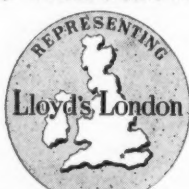
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## Feb. Traffic Deaths at Three Year Low

Traffic deaths in February totaled 2,470—a reduction of 2% from the corresponding month a year ago and the lowest toll for any month since the 2,350 in February, 1951, the National Safety Council estimates.

For the first two months of 1954 traffic deaths totaled 5,370—down 1% from the corresponding period last year.



## Dust Flies as Woes of Pioneer Mutual of N. M. Hit Fever Pitch

Newspapers in the Rocky Mountain area are now giving considerable space to the financial plight of Pioneer Mutual Compensation of Albuquerque, N.M. The cooperative spirit between the management and the agents that

Governor Thornton of Colorado has asked two legislative committees to make an investigation of the handling of the Pioneer Mutual Compensation case by the insurance department.

"I want to know why that company was allowed to continue to operate in Colorado when its financial report a year ago showed that it was in financial trouble and Wyoming refused to renew its license," the governor said.

Mr. Kavanaugh, who was attending the zone 5 meeting when this broke, was criticized in one of the Denver newspapers for being out of town "for the third straight day as the financial crisis of the state's third largest auto insurance company mounted and 25,000 to 50,000 Colorado policyholders sweated out an assessment of more than \$2 million to bail it out."

The business affairs committees of the house and senate have been asked to look into the situation and to determine if Mr. Kavanaugh used "poor judgment" or if stronger legislation is needed. Mr. Kavanaugh has been summoned to confer with the governor, who has stated he was "absolutely shocked" that the company was allowed to get more than \$1 million in the red.

It is mandatory, the governor said, that 500 trucks under supervision of the state public utilities commission and insured in Pioneer now be "insured in a company that is financially solvent and can pay its claims."

had been indicated as offering a strong possibility to clear the air and avoid an assessment, has been changed to what appears to be a cat and dog fight with the officials of Pioneer claiming the agents have been holding out remittances and the agents retaliating with numerous charges against the company. There still is, however, a chance the agents will put up the money to save one of their principal auto markets.

Also in for a good deal of attention is Commissioner Luke Kavanaugh of Colorado, who is quoted in the Denver Post as warning that he is "thinking" about revoking all agents' licenses for those agents who fail to remit immediately to the company. He is further quoted as saying the policyholders "have nothing to worry about" except possibly an assessment.

Pioneer is the third largest automobile writing company in Colorado and has an agency plant of nearly 350. There are at least 25,000 policyholders in the state.

Commissioner Ford S. Taft of Wyoming said he refused to renew Pioneer's license in March of 1953 and notified agents to stop selling its policies "because it was very evident from their own annual statement that the company was in very bad shape financially."

Mr. Kavanaugh is quoted in the paper as replying: "That wasn't the same statement they filed with us," with the retort from Taft that it could be presumed to be the same statement since it was the official annual financial report. Mr. Taft said the company

had a surplus of \$131,210 at the end of 1951, a loss of \$428,138 and a deficit of \$297,331 at the end of 1952.

Then Mr. Kavanaugh is said to have stated he was not satisfied with the report Pioneer filed with him a year ago, so he asked for and received a supplemental report "which was more favorable." He then renewed Pioneer's license. The license expired March 1, but Pioneer has continued to operate on a month of grace.

The company can continue to operate in Colorado, Mr. Kavanaugh is quoted as saying, "because it has been paying its taxes and filing its reports." How long the company can continue to operate after April 1 is "up to the commissioner's discretion," he said, adding he has not decided what to do and probably will require several more weeks.

The new legal counsel of Pioneer Mutual is Mel Snyder, who has been deputy commissioner of Colorado. He resigned that position Feb. 28. Mr. Snyder accuses the agents of paying only \$17,000 of the \$60,000 in premiums they received in February, and he is backed up in this by President Frank Salisbury, who blames the financial difficulty of the company on the slow collections. Mr. Snyder said the company is about \$150,000 in arrears on claims "because the agents are holding out \$171,000 in premiums they owe the company."

Again Mr. Kavanaugh is quoted, this time to say: "The company is all right. It just needs cash—it has more than \$500,000 in securities, which would more than cover all future claims as well—but it needs operating funds now."

In reply to the charges of Pioneer's management, the agents have come out with some of their own:

—Mr. Snyder should tell the public why he did not advise some 50,000 policyholders of Pioneer's condition.

—The agents should be given a voice on the board of directors of the reorganized company in return for putting up the money to bail it out of trouble.

—Why did Snyder not advise the agents and the company how to head off the financial crisis during the 18 months just ended in which he said he was investigating the company's financial condition?

—Is it the intention of Frank Salisbury, former secretary and now president of Pioneer, "to recoup an investment in Pioneer Mutual at the expense of the policyholders?"

On the score of the \$171,000 supposedly being held out by the agents, they answer that they have been forced to refund this amount to policyholders who have cancelled out in recent weeks. They said wholesale cancellations have been touched off by Mr. Salisbury's letter to agents of March 10 in which he warned of "financial difficulties" and said the only recourse seemed to be an assessment. That letter, the agents said, has hurt their plans to put up their own money to bail the company out before the policyholders became alarmed.

The agents through their attorney, John J. Gibbons, who is representing Agents Group, Inc., of Pioneer agents in Colorado, went on to say that more than 50,000 people in Colorado are insured in Pioneer Mutual, and some agents say the figure may approach 70,000.

They contend Mr. Kavanaugh and Commissioner Ralph Apodaca of New Mexico have "been fully aware of the condition of this company for a long

time and had not in any way rescinded the authority to operate," and, therefore, are in no position to criticize the agents.

They say also that Mr. Kavanaugh has had Pioneer Mutual under investigation not for six months as he has been quoted as saying, but since the latter part of 1952, and all during that time the department was fully familiar with the company's financial condition. Mr. Gibbons says the condition of Pioneer has actually improved since 1952. The statement of Commissioner Taft of Wyoming, who refused to renew the license there because of a \$428,138 loss in 1952 "was approximately correct," Mr. Gibbons said. He went on to say the financial report presented to Wyoming was filed in the same form in New Mexico and Colorado, and the statement was prepared by the New Mexico department and not the company.

The unpaid claims which Pioneer said it cannot meet are "much more" than the \$150,000 which Mr. Snyder and Mr. Salisbury have reported, Mr. Gibbons said. Some agents believe the amount may exceed \$300,000.

Mr. Salisbury, as secretary of the company for many years, should have been fully advised for some time as to its financial condition, Mr. Gibbons contends.

Mr. Salisbury and Mr. Snyder said last week the full extent of the financial problem was discovered only 10 days ago, after Salisbury had replaced Joe Simpson of Denver as president of Pioneer in a reorganization Mr. Snyder said was ordered by the state.

Pioneer Mutual rates, Mr. Gibbons went on, are not below other mutual rates as Mr. Snyder and Commissioner Kavanaugh said, but "are in complete accord with all other mutual companies who write like business in Colorado." The Colorado department in the past has accepted the rate structure filed by Pioneer, he pointed out.

The hundreds of unpaid claims dating back to last fall as reported by Mr. Snyder, is an erroneous statement, Mr.

## Kavanaugh Tells His Stand in Pioneer Mutual Uproar

Commissioner Luke J. Kavanaugh of Colorado, who has been on the receiving end of a good deal of unfavorable comment in the Colorado press in connection with the troubles of Pioneer Mutual Compensation of Albuquerque, has sent THE NATIONAL UNDERWRITER a statement outlining his position, as follows:

For several days, attacks have been made upon me and my office because of the activities of Pioneer Mutual Compensation. Criticism has been particularly pointed to the fact that I was out of the city while newspaper columns disseminated information which accomplished nothing, but confuse

(CONTINUED ON NEXT PAGE)

Gibbons said, because these claims were not found in the joint Colorado-New Mexico investigations some months ago.

When Mr. Kavanaugh said Pioneer Mutual policyholders have little to worry about except an assessment, Mr. Gibbons replied he "evidently is not familiar with the tremendous job of collecting an assessment from people who have already paid their premiums."

Mr. Gibbons said the agents can and will put up the cash to solve the company's financial problems within 60 days if the new management will let them do so "without interruption." Even now, he added, the agents are contributing amounts equal to as much as 20% of their Pioneer business for 1953 to an escrow account with Central Bank & Trust Co. of Denver in order to bail the company out.

"We fully intend to save this company from possible liquidation and ultimate assessment of policyholders," he declared.

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agents, policyholders and claimants in the State of Colorado.

First, I believe that the people of our state are entitled to know that I was out of the state, attending a meeting of the Commissioners of Insurance of Zone 5 of the National Association of Insurance Commissioners. I was there on state business, pertaining to my official duties, and the meeting date had been set months ago.

Pioneer Mutual Compensation is a New Mexico corporation, governed primarily by the laws of New Mexico and under the supervision of the superintendent of insurance of that state. The company was first organized in 1937 and became licensed in Colorado in 1941. The company became very active in our state and soon it was writing considerably more business in Colorado than in its home state of New Mexico.

The company paid its claims and everything seemed normal until 1951, when it, along with most others in the same lines of insurance, sustained heavy losses. The losses continued apparently throughout 1952 as shown by our examination of the company. From the moment we were aware of the extent of the company's involvement, after our examination, this department joined with the New Mexico department and tried to find a remedy for the situation.

It is not uncommon to find an insurance company in difficulties, particularly in its development stage and more often than not, the problems can be overcome and the company continues in business, without loss to anyone. If commissioners of insurance had, immediately, put out of business all companies which showed signs of difficulty or possible insolvency, we would have very few companies operating today.

A commissioner's job is not cut and dried in many respects. In cases involving companies particularly, he often must use his best judgment. Of course you can't bat 100% all of the time. But by and large, the record shows that everyone's interest was best served by working out a difficulty. In this particular case, so many people were involved, agents, claimants and policyholders, that we tried to remedy the company's condition by guiding management and without causing a break in public confidence. An insurance company is much like a bank, it cannot stand public criticism of its financial condition.

Throughout 1953, a great share of my time as well as that of my staff was spent in study of the Pioneer Mutual's problems and condition. Many meetings were held in my office in 1952 and 1953 with the management of the company, my staff and the superintendent of insurance of New Mexico. At first, we made the proper recommendations to the management of the company to save it. Time and again, we were given assurances that the proper steps we recommended would be taken. Unfortunately, we later would find that business had continued as usual.

Corrective measures were then ordered but upon check, we found that the orders were not complied with. We recommended or ordered a number of remedial measures among which were the following: curtailment of volume, underwriting of business, i.e., careful selection of business, economy of operation, procurement of additional money, elimination of rate deviation and others. Had these corrective measures been adopted in time, the company

probably could have worked itself out of trouble. We gave them every chance to do so.

In fairness to the management, it must be said that it left no stone unturned in attempting to secure financial aid. I received inquiries and reports of their activities in Chicago, New York, Los Angeles and other places. Unfortunately, nothing came of these efforts.

In my opinion, three factors are mainly responsible for the deficit in Pioneer Mutual: Low rates, poor risks and high commissions. The inevitable came when the company's claim drafts were no longer honored. At that seemingly hopeless point, the New Mexico superintendent and I asked for and received the resignation of the two top administrative officers of the company. New management took over with a definite rehabilitation plan.

The plan was drastic, it had to be and I approved it because I was finally convinced that there was no other way out. Needless to say, the superintendent of New Mexico likewise approved, or the plan could not have been adopted.

The new management is composed of experienced insurance men aided by a professional consultant to insurance companies.

The plan proposed by the new officers included:

1. A new general manager.
2. An assessment on the policyholders as provided by Colorado law.
3. Elimination of dual offices.
4. Revision of rates and classifications.
5. Adoptions of conservative underwriting procedures.
6. A dividend policy.
7. Removal of restrictions on a \$200,000 contribution.
8. More efficient claim practices.

I was really not sold on the so-called rate adjustment until the financial statement for the year 1953 was completed in March, 1954. It disclosed a deficit of about \$1,100,000. I was then resigned to the fact that a levy on the policyholders had to be made.

The reason it has to be made is because the deficit represents claims and amounts due which they cannot now pay. It is my opinion that the cardinal sin in the insurance business is not to pay just claims and obligations. A relatively small contribution on the part of all the policyholders will guarantee the payment of these claims. That is the important thing. As I pondered the rehabilitation plan, it occurred to me that the agents who enjoyed a market for hard-to-place risks at high commissions would be willing to cooperate and contribute to the building back of the company. Likewise, I reasoned that the persons who probably could not have gotten insurance elsewhere wouldn't object to make up for the insufficiency of the rate they paid.

The rate adjustment notices are now ready and the agents are all being contacted to give them an opportunity to pick up their clients' notices as a number of agents have indicated that they would rather pay the amounts themselves than have the notices sent to their policyholders. More power to those agents.

Certain statements have been made which should be either explained or corrected.

1. Remarks have been published to the effect that Pioneer Mutual was refused licenses in Wyoming and New Mexico, its home state, in 1953. The company has operated in New Mexico under a special provision of the New

## EAC Studies Confusion in Dwelling Field

(CONTINUED ON PAGE 20)

dition of National Bureau and National Automobile Underwriters Assn.

An EAC committee will be appointed to study the possibility of cooperative agency advertising via TV.

After his report was prepared, developments occurred in dwelling coverages which prompted the agent members of the conference committee to meet here. H. Earl Munz of Paterson, N. J., committee chairman, stated. The alarming speed with which dwelling and contents coverages have become a high competitive focal point suggests that the potential effect upon agents, companies, and their customers will be tremendous.

The committee therefore urged NAIA to give immediate priority to the problem. The necessity is urgent for reducing the number and variety of separate filings which confuse agents and public, supervisory author-

Mexico law and it can do so until the superintendent there orders it to cease. As far as Wyoming is concerned, the commissioner of that state had no problem to face because the volume of business there was so negligible. Under like circumstances, Colorado would have done the same thing.

2. No levy is being made against agents.

3. Assessments are not made up to two years' premiums, the maximum is one year's premium.

4. Had the company been cut off by all three states, i.e., New Mexico, Colorado, and Wyoming, it would have been forced to vote for liquidation and pro-ration of claims would have taken place. Under such conditions, it is doubtful if claimants would have received anything on their claims.

5. The situation is not hopeless, a little mutual spirit and a little cooperation by all concerned will soon re-establish the company on a sound basis.

6. It should be made clear that I do not intend to revoke any company's license or to give any adverse publicity to any company simply because it has met with losses, if in my opinion, the situation can be remedied; to do so would be equivalent to closing its doors. I shall continue to use my best judgment and stand on my record of service to the people of Colorado during the past fifteen years.

All policies issued by Pioneer Mutual in Colorado and New Mexico contain a contingent liability clause on the part of the policyholders. It is a lawful provision of the contract and collection can be enforced. The amount which will be called for in the notice should amount to the premium stated in the policy but not to exceed an annual premium. The notice and letter also provide for a time payment plan.

Although this company is organized under the laws of New Mexico, it is much in the same position as many Delaware corporations. As far as I am concerned, I have always regarded it about in the same light as a Colorado company. I'd hate to think that the state of Colorado will be charged with an insurance company failure if our people fail to respond to the call. Before refusing or neglecting to pay the amount called for by the premium adjustment notice, policyholder should remember that they could well be an unfortunate claimant expecting payment of his just claim.

ities and adjusters, and the companies themselves, he said. The matter is serious and requires immediate action if this business is to be retained by agents. They should assume leadership before it is too late and chaos results.

The scramble for the dwelling business is not the result of calm and deliberate thinking, he charged. Apparently no one has approached the matter with the idea of learning what the public needs.

His committee urged that the property insurance committee of NAIA and company executives study and explore the whole problem, including proper rate levels for dwelling property, agency and company expense factors, possible new methods of handling dwelling business, effect of including coverage not required by mortgagee; impact of dwelling and contents all risk on PPF business, and how to protect the interests of smaller agent and company.

He noted that there are in the dwelling field the indivisible premium policy, the proposed divisible premium package, the special all risk policy, many independent filings, and the entry of Allstate into this field. The eastern territory contains the highest concentration of dwelling business eligible for these coverages but the problem is national, not regional. S. F. W. Doremus of Eastern Underwriters Assn. said about 100 of the new earnings forms have been put through by agents in EUA territory, demonstrating that agents are beginning to sell it. Only two of the non-standard U&O forms have cleared the rating organizations in EUA territory.

## Black New President of Home, Succeeds Smith

(CONTINUED FROM PAGE 1)

a director of Home and president of its companies. He is a past-president of Eastern Underwriters Assn., Insurance Society of Philadelphia, Inland Marine Underwriters Assn. and New York Board of Fire Underwriters, and a member of the Drug & Chemical and Union League clubs of New York.

As chairman he will have general supervision of the company's finances and investment of its funds. It was under his leadership that the company rose to be leader in property insurance, consistently increased its financial returns to policyholders and brought assets to more than \$250 million. He organized, and served as chairman of, insurance committee for protection of American industrial plants during World War I, when he held the rank of lieutenant in naval intelligence.

Mr. Black began in insurance with Liberty Mutual in 1927 and after service as agent, broker, claims investigator and general agent, of other companies, joined D. F. Broderick & Co., as manager at New York. He subsequently became manager of Dearborn National F&C and joined Home in 1942, heading its war damage department during the war years.

He became assistant secretary of Home Indemnity in 1946, secretary of Home in 1947, assistant to the president and secretary Home Indemnity in 1949 and vice-president and secretary of Home and Home Indemnity in 1950.

## McGovern Mo. Chief Examiner

John J. McGovern has been named chief examiner of the Missouri department. He has been a senior examiner for seven years and now takes the place of E. H. Norton who resigned due to ill health.



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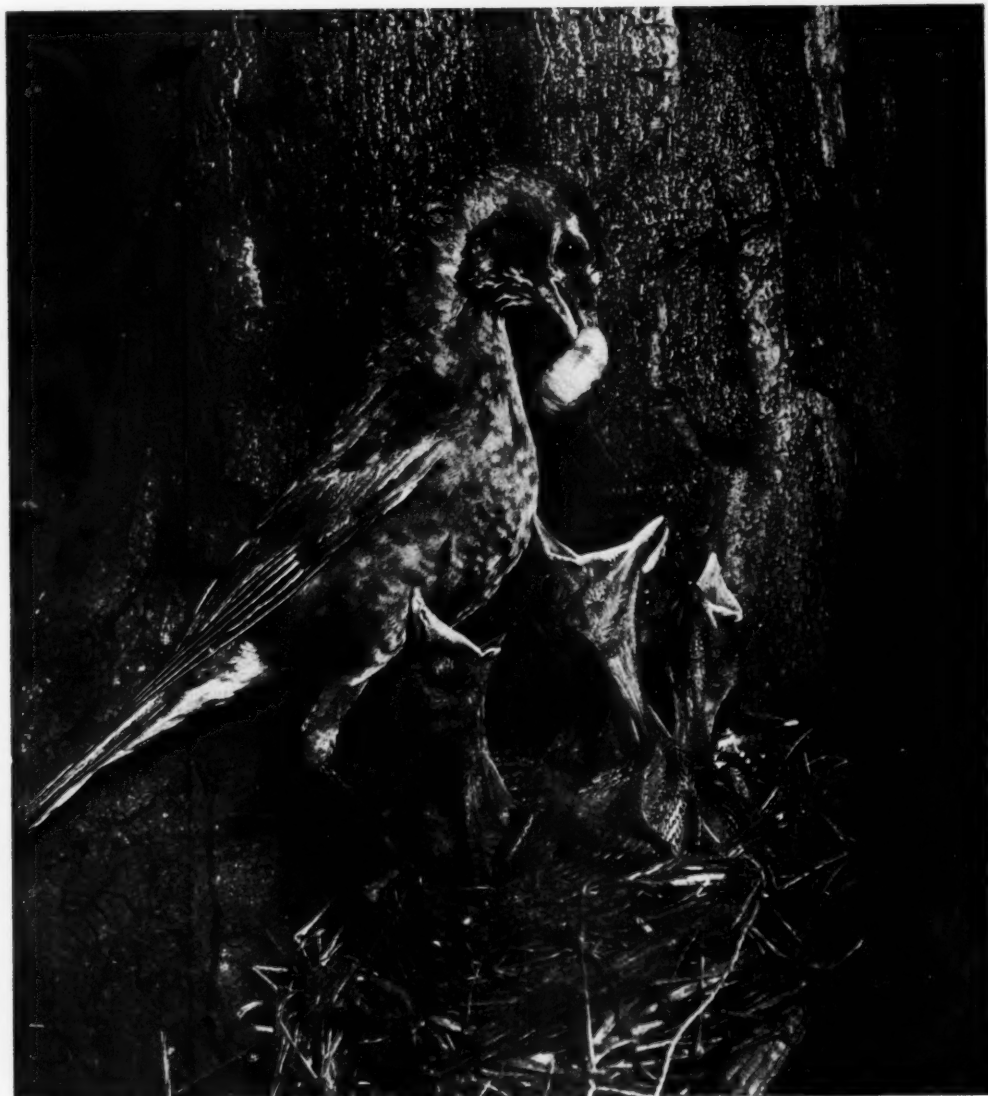
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*There's no telling when a man  
will decide to feather his nest—dishonestly.*

*Employers Need* **FIDELITY BONDS**

**THE TRAVELERS INDEMNITY COMPANY  
HARTFORD, CONNECTICUT**